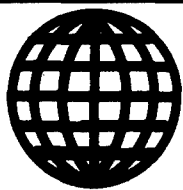


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5 MARCH 1990



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East Europe

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INTRABLOC AFFAIRS

Hajek, Cornea, Others To Meet in Bergen

90EN0257Z Oslo AFTENPOSTEN in Norwegian
16 Jan 90 p 51

[Article by Rune Indroy: "Adversaries Meet in Bergen"]

[Text] Bergen—In February, prominent politicians and artists from Eastern Europe will gather at a large meeting in Bergen. Jiri Hajek, leader of Charta-77, Donica Cornea, prominent member of the new government in Romania and Miroslaw Masak, one of President Havel's closest colleagues, are expected to attend.

Czechoslovak artists in Norway took the first initiative for the arrangement of the meeting in Bergen 11 and 12 February. The Center for International Business at Norway's Commercial College immediately caught on to the idea and in close cooperation with the board of the Thorolf Raftos Institute for Human Rights, they have taken on the task of arranging the largest meeting that has ever been held in the West between previous adversaries.

In addition to the aforementioned guests, also attending will be Trivimi Velliste who represents the Association for Protection of Old Monuments in Estonia, an organization that has played a very central role in the fight for Estonia's political freedom, independent of human rights. Hungary will be represented by Peter Molnar, member of the National Committee for Fidesz, the youth movement that has been central in the political revolution in Hungary. All these people have in common that they previously have been the recipients of the Thorolf Raftos memorial award.

Zbiginiew Romaszewski, chairman of the Senate Committee for Human Rights in Poland, previously the central person in Solidarity and KOR [Workers Defense Committee], will also attend.

Artist Initiative

"I take the liberty of being proud of the list of participants," says Director Tor Wergeland of the Center for International Business to AFTENPOSTEN. He says that at the start, the artists wanted to mark their solidarity and joy over the development in Eastern Europe. That developed into a gigantic arrangement as various environments in Bergen found out about this.

A busy agenda is planned. A televised roundtable discussion on the development of democracy in Eastern Europe is scheduled on Saturday. In accordance with what AFTENPOSTEN has heard, many big international television stations have already shown interest in the discussion between these former adversaries.

From the side of the coordinators, the plan is that political groups in Norway will have good opportunities to make contacts with the participants. Many political parties have asked for this.

Two Concerts

On Sunday, 12 February, a big concert is planned in the Grieg Hall. Eastern European music will be performed by artists who today live in Bergen. In the evening, a gala concert will be held with, among others, Leif Ove Andnes and Truls Mork. The two will, among other things, perform the Chopin sonata for piano and cello.

In Raftos Spirit

"The objective of the arrangement is to collect funds for a complete and modern in-house printing office and graphics center for the University in Cluj, Romania. The hope is to build a permanent education center for democratic development and communication in the capital of Transylvania," says Tor Wergeland.

The Center will have computers, a laser printer, a photocopy machine and a small offset machine. A center for training and knowledge of party structure, journalism and information activities which is something that Eastern Europe seems to need more than anything else.

Wergeland thinks that this action may be viewed as something in the spirit of the late Professor Thorolf Raftos.

BULGARIA

COCOM Restrictions Seen as Stimulus for Country

90EB0224A Oslo AFTENPOSTEN in Norwegian
22 Jan 90 p 7

[Article by Morten Fyhn: "Bulgarian High Tech Looks to the West"; first paragraph is AFTENPOSTEN introduction]

[Text] "The regulations of the West prohibiting exports to Eastern Europe are simply stimulating us to develop advanced technology ourselves," the chief of Bulgaria's most modern computer company told AFTENPOSTEN. At the same time, he made no secret of the fact that it is possible to get around the regulations.

Sofia—Journalists from Western countries are not often allowed into high-technology firms in communist states, but the dynamic and extremely open director of Software Products & Systems Corp (SPS), Rashko Angelinov, lets them in gladly. From other well-informed sources we had been told that the Bulgarian electronics industry was quite advanced and that the SPS products were good examples of Bulgarian high technology.

Incomprehensible

One of Angelinov's close business contacts is Sam Trondov, who is head of the Mintech Company in Michigan in the United States. He gave us some insight as to why he thinks the COCOM [Coordinating Committee on Export Control] regulations banning exports are incomprehensible. He can legally sell advanced components to

SPS in Sofia, which can then assemble them. It is illegal, however, to sell the finished product from West to East. SPS can then export modern computer systems to the Soviet Union, for example, which is one of the biggest customers of SPS.

"Ridiculous," said Trendov, as Angelinov jovially hushed him up. "Don't give away our secrets," he said.

SPS itself does not make finished computers. The company purchases parts from other countries, puts them together, and develops its own systems, which are sold to Bulgarian and other East European customers.

"When it comes to software, our systems are among the best in the world," he claimed. That is an assertion that is difficult to confirm, but it may be taken as an expression of the confidence and optimism of the SPS chief.

"Of course, the COCOM regulations are a nuisance. Because of them, it takes longer for us. Since we cannot buy from the West, we must develop products for ourselves. A couple of years ago SPS wanted to sign a contract to purchase high-tech components from a French firm, but the authorities banned the export. Three years later, however, our own people had developed the products themselves," he said with satisfaction and added ironically that perhaps it was just as well that the West kept the COCOM regulations intact. After all, they stimulate East European industry.

Contacts in Norway

SPS people have also been in Norway. Contacts have been established with companies in Horten and Trondheim. "But the Norwegian authorities would not let the Bulgarians work there. We were told that it was impossible for people from Eastern Europe to live in these places," Angelinov said shaking his head.

But the SPS director made no secret of the fact that a small country such as Bulgaria must be able to purchase foreign products and technology and he would like to work with countries such as Norway, for example.

The firm now has partners in both Eastern and Western Europe and represents, among others, IBM and Hewlett Packard in Bulgaria. The company is also represented in the United States, Singapore, and West Germany and it has entered into a number of joint ventures with East European countries. In the Soviet Union alone SPS has entered 15 joint ventures in as many republics.

Flourishing

SPS is flourishing, even though it was founded as recently as 1984. Today the company has some 2,000 employees and, according to the director, its profits are increasing steadily. What does he think about the government's promises of democracy and economic reform?

Director Rashko Angelinov did not hesitate, and his response confirmed our impression that, in his thinking

and nature, he had much more in common with Western industrial leaders than with the stereotype so common in the West of a rigid and centrally controlled East European business leader devoid of imagination and drive.

"Democratization is good in and of itself and it is also important for our company, because it means an improvement in Bulgaria's image in the West. This could make it easier for Bulgarian industry to attract Western partners. But the economic reforms are just as important. They can provide us with better working conditions. Companies must be able to run themselves, while the state bureaucracy must be made more efficient. Today, we are fighting with the bureaucrats."

CZECHOSLOVAKIA

Christian Democrats Publish Draft of Program

90EC0248A Prague LIDOVA DEMOKRACIE in Czech
5 Jan 90 p 4

[Unattributed report: "From the Programmatic Declaration of the Christian-Democratic Party"]

[Text] In the introduction to this declaration, the emphasis is on the statement that the founding of the Christian-Democratic Party contributed to the establishment of a pluralistic and democratic political system in Czechoslovakia. The goal of the Christian-Democratic Party is to engage those Christians who thus far have not participated in politics or who regarded politics as morally reprehensible. The introductory paragraph states: "In accordance with Cardinal Tomasek's appeal 'To All People in Czechoslovakia' and in the direction of decisions taken this year by the Synod of the Evangelical Church of Czech Brethren, we consider it our duty to engage in public political activities."

The following part of the programmatic declaration stresses the centuries-old traditions of our Christian country and of our nations.

The declaration draws particular attention to political and legal principles. In this context, it notes: "Over the past decades legal standards, legal awareness and legal guarantees greatly declined in our country. The first step to their restoration must be free elections by which a new Federal Assembly will be constituted. The Federal Assembly will then approve a new constitution which must unambiguously guarantee our citizens full equality before the law and guarantee all civil rights in accordance with the Universal Declaration of Human Rights and with international covenants on civil and human rights, as well as economic, social, and cultural rights. Our entire legal and social system must be simplified, made comprehensible and stripped of all its totalitarian aspects. It must be in harmony with constitutional principles and apply equally to citizens and to the state.

"The Christian-Democratic Party will focus on the right of each citizen to express his views in accordance with

his conscience. The future democratic state must not have any ideology anchored in the constitution."

The chapter dealing with economy point outs, among other things, the following:

"In our view, a realistic solution is a multisectoral economic system which guarantees equality to private, cooperative, and state sectors. We shall promote the restoration of the private sector which for all intents and purposes does not now exist in our country. Furthermore, we shall continue the cooperative traditions which were extraordinarily successful in our country before the war. We see this effort as the fastest way to prosperity. In our opinion, it is extremely important to provide guarantees which will offer stable long-term conditions to anyone who is willing to be an entrepreneur."

The chapter on the environment emphasizes: "We cannot exploit our own future any further, nor can we pay for ephemeral results by creating a desert which will surround the future generations. However, it is equally important to change people's thinking so that their first concern will not be about material comforts. We believe that strict sanctions alone cannot guarantee the preservation of our environment; rather, [sanctions] may contain far-reaching opportunities for abuse. Economic considerations may be regarded as an important part of the solution for ecological problems. As soon as ecologically harmful methods of production become expensive, and vice versa, a considerate attitude to the environment will be accepted not only as a moral but also as an ecological priority."

Freedom of religion: "We intend to create a space where all churches and religious association can pursue their activities to the fullest. We shall pay special attention to the freedom of confession which is a fundamental human right. Mutual church-state relations must be based on the new principles which respect the independence of churches, which ensure nonintervention by the state in their internal affairs, and which determine the position of the churches in public life."

"We shall promote greater religious tolerance, mutual trust and respect, and support cooperation of churches in education, publishing and social work."

Culture: "Culture is an expression of the way of life of society as a whole—a society that is wounded and sick in many respects, and not just in our country. We want to restore our society to moral well-being by introducing such Christian values as charity, forgiveness, compassion, self-sacrifice and integrity. In particular, we shall aid the healing process in areas suffering the worst crises: marriage, the family, respect for the unborn, and respect for the elderly."

"We consider it a self-evident task to develop free creativity."

"It is imperative to reform the whole educational system which must not serve as a mere training ground for one's

occupation but which should also nurture a free spirit, give people well-rounded views, and help them find their moral orientation in the world. The principle of plurality of views must also be adopted in our school system. The state cannot hold a monopoly on education. The teaching of classical European Christian and humanistic culture must be expanded to shape the intellectual and moral development of our citizens."

"Academic freedom must be respected, and all discrimination in the selection of teachers and students must end."

National sovereignty and world position: "National awareness and respect for our historical and cultural heritage and for sacrifices of previous generations challenge us to follow in their spirit."

"We regard the federative system of Czechoslovakia as an appropriate form of coexistence of our nations in their common state. We recognize the natural difference in our national structures. We respect the rights of our national and ethnic minorities, including the rights of Jews and Roms which thus far have not been recognized."

"The Czech nation lives within its historical borders in Bohemia, Moravia and Silesia. Certain specifics which appeared in the course of the development of these historical regions have not been respected in the past decades. In particular, the Moravian and Silesian cultural autonomy which must be developed and encouraged has been long ignored and yet, it resisted all attempts to liquidate it."

"Our country is situated in the heart of Europe. We realize that international relations are complex, as is Czechoslovakia's position in them."

"Peace is indivisible. Freedom within individual states is an imperative precondition for their good mutual relations."

"We do not want to stand by the wayside during the processes of integration in Europe, especially in Central Europe."

CHRISTIAN DEMOCRACY - TRADITION + FUTURE!

Spokeswoman Says Civic Forum Will Not Be Party

*90EC0251A Oslo AFTENPOSTEN in Norwegian
24 Jan 90 p 9*

[Article by Morten Fyhn: "Civic Forum Will Watch Over Democracy in Czechoslovakia"]

[Text] Pilsen, 23 Jan—Civic Forum, the opposition movement that toppled Czechoslovakia's Communist regime, does not quite dare turn a fragile democracy over to new political parties. The Civic Forum will also be active after the June elections but then as a "watchman over the revolution."

Anyway, this says Sasa Prochazkova, spokeswoman for Civic Forum in Pilsen. She does not take any chances and knows what she is talking about. Since the Prague Spring in 1968 when her husband was active, she does not depend on the Communist Party and does not intend to have the party have any say when the new Czechoslovakia is built up.

The Civic Forum originated in Prague with the participation of established people who knew one another from previous opposition work. In the industrial town of Pilsen, however, a local Civic Forum was founded spontaneously by people who did not know one another except from participation in demonstrations during the dramatic days in November. Sasa was one of them.

Will Not Become a Party

We meet with her in the modest lodgings of the Civic Forum on a central street of town. The office looks like any other untidy office of a political party or an organization. But Sasa emphasizes that the Civic Forum is not and has not planned to be a political party. Then, what will the Civic Forum do when the democratization process is in place and a decision has been made that free elections will be held on 8 and 9 June? Is it not likely that the Civic Forum will be dissolved and that the participants will become involved in one of the many new parties which have been formed or are being planned?

"It is necessary to continue the work after the elections as well. We are now watching over the revolution and in the elections, the Civic Forum will probably participate by taking a position on the candidates on the various party slates. Nothing is clear. The situation changes all the time but our fundamental idea is that the communists will be kept out."

No Leader

The Civic Forum is now led by a Coordination Committee in Prague. The organization has no leader and it does not have individual membership, she explains. The Civic Forum is a movement that can be found in businesses and workplaces nationwide.

She pulls out a piece of paper from the overcrowded desk, pushes filled ashtrays and empty coffee cups aside and explains: "This is a letter from the Technical and Economic Department of the Railway here. They tell us at the information office that they have established a Civic Forum at their workplace and that they will participate in local negotiations there."

Legal Aid

One such letter is only brought out as an example. But the Civic Forum in Pilsen also receives other letters, she says, and she shows us another one. That letter turns out to be signed by all the employees of a restaurant who have a number of serious accusations against the management.

"With such a collection of signatures, it is obvious that there is something wrong there. But we only send one person there to tell the senders of the letter that they must take up the case themselves. If no one wants to listen to them, we can help them get a lawyer."

The Civic Forum in Pilsen functions not only as a kind of office for free legal aid and advice to people in a country where the Communist Party held power for so long and "ran over" everything and everybody.

In itself, this task seems big enough but the Civic Forum is also well established as a local political power factor in Pilsen. Neither local nor regional authorities dare ignore the Civic Forum any longer, although the movement does not formally have any platform to participate in local decision processes. But thanks to the Civic Forum, two of Pilsen's three City Council Vice Chairmen were removed from their posts. They were too discreditable.

The People's Voice

"The Civic Forum does not have any executive power but it can be said that we represent the voice of the people. So far, all our requests here in Pilsen have been taken into consideration," says Sasa Prochazkova.

She emphasizes strongly that the Civic Forum is against a personal vendetta against the old rulers. "We do not want to employ their same methods," she says calmly. She is neither triumphant nor enthusiastic but shows more the signs of being tired after the hectic work in recent months.

She actually works for a publishing company and also writes herself. She does the work for the Civic Forum in Pilsen during her vacation and without pay. She works for a genuine democracy in Czechoslovakia but she is concerned that there will be too many parties and such disorderly conditions in the new National Assembly that democracy will not be able to function.

"That is how it was before the war," she says bitterly. She does not try to hide the fact that after so many years of communist oppression, the people in Czechoslovakia are not really ripe for democracy and do not know what it involves.

Avoid Split

"We must by all means avoid a serious split of all anticommunist powers. This is why the Civic Forum has a role to play after the elections as well," she says. She does not want any repetition of what happened after the Prague Spring in 1968. Then her husband, a high school teacher, lost his right to teach and was assigned a job as a boiler watchman in the boiler room of a factory.

CsDI Chairman Describes New Center Party

90EC0284A Prague ZEMEDELSE NOVINY in Czech
6 Feb 90 p 3

[Interview with Emanuel Mandler, chairman of the Czechoslovak Democratic Initiative, by Petr Novacek: "We Are a Serious Middle-of-the-Road Party"; date and place not given]

[Text] The Czechoslovak Democratic Initiative (CsDI) was the first independent political party organized in Czechoslovakia after 1948. It entered the political arena in September 1987 as the Democratic Initiative (DI). Since the demonstration of 28 October 1988, which it helped organize, the State Security Corps paid close attention to it. Nevertheless, the DI succeeded in establishing a regional organizational structure culminating in its constituent assembly on 15 September 1989 of which the omnipresent State Security Corps learned only after the fact from Radio Free Europe. However, the party did not succeed in uniting the entire political opposition; on 11 November 1989 it applied for registration as an independent political party outside the framework of the National Front. Before the regime could respond, it was 17 November 1989.

Today the CsDI has more than 5,000 members. We mainly discussed current issues with its planning committee chairman, Emanuel Mandler.

[ZEMEDELSE NOVINY] You are identified as an independent liberal-democratic party. You defend freedom of the individual, support abolition of economic and media monopolies, you promote the organization of private and parochial schools (in other words, educational plurality) as well as unrestricted creativity in sciences, culture and the arts, and you also advocate Czechoslovakia's return to the advanced European community... However, programs of many other newly founded parties include similar items. What is unique about the CsDI?

[Mandler] In our opinion, there is only one solution to the current crisis in Czechoslovak society, namely the liberal-democratic one. After all, the ongoing revolution and the consensus of our society follow a liberal-democratic trend. We regard ourselves as a slightly right-of-center party. Unlike the free democrats and republicans who left us in order to organize the right-wing Republican Union bloc with two other parties, the CsDI intends to maintain a moderate, balanced and independent course. We reject all verbal radicalism; instead, we are trying to intensify our program systematically. Of course, we will not attract some voters, but nothing can be done about that. We will not give up our serious respectability.

[ZEMEDELSE NOVINY] If I understand you correctly, the CsDI rejects ideological labels as well as special-interest coalitions. This is particularly evident, I think, in the economic part of your program. However, L. Holik, a member of the CsDI secretariat, stated in the

26 January edition of VECERNI PRAHA that you intended to demand that monetary compensation be paid to former owners, including potential heirs, of companies employing up to 50 workers which were nationalized after 1948.

[Mandler] Indeed, indeed—I think that his interview was not well-advised. In fact, particularly concerning the economy, the CsDI is doing its best to avoid any simplistic solutions; for that reason, economic issues are always on our party's agenda. Problems of reprivatization in particular are extremely complex issues: we think of the current status of our laws, the financial situation of our state, and the possibility that reprivatization might trigger hysteria and vengefulness. We do not want any of that. On the other hand, the fact that after 1945 our society indiscriminately seized private property, is one of the fundamental problems that need to be dealt with. In view of the current options in our state, we should like to come up with a program that would give certain benefits to families whose property was confiscated. At any rate, we want a well-planned economic program based on analyses, not radical solutions at any price.

[ZEMEDELSE NOVINY] Let us turn our attention to international problems. The CsDI wants to return Czechoslovakia to the advanced European community. You proposed that we begin with the integration of countries and nationalities which have historical and geopolitical relations—Czechoslovakia, Austria, Hungary and in broader terms, Poland. How do you see, for instance, the problem which is currently very much discussed, namely, our attitude to Sudeten Germans, on the one hand, and on the other, to the USSR, including the retreat of Soviet armies from Czechoslovakia?

[Mandler] As for Sudeten Germans, radical attitudes may result in serious conflicts; for that reason, I would recommend that if it is at all necessary, our political parties and leaders discuss this topic in a very restrained manner, at least until our next elections. We emphasize above all the rapprochement of central European states, because that, among other things, would enable Czechoslovakia to approach the German question more objectively and especially with some territorial backing. It is clear that Russia cannot provide that kind of backing—as Palacky and Masaryk realized and as today almost everybody in our country thinks. By the same token, we do warn against turning our backs on the USSR. It may turn out that Czechoslovakia will act as a link between a reorganized Europe and the USSR, which will cease to be a superpower and an empire and will become instead a great country where far-reaching reform processes are underway. We must strive for the friendliest possible modus vivendi with the USSR. This demand is closely connected with the departure of the Soviet army from Czechoslovakia, which the CsDI advocated in 1988. I understand the public pressure, but we must avoid hysteria and realize that the withdrawal of the armed forces also depends on our ability to deal with this issue in a disciplined manner.

[ZEMEDELSE NOVINY] Mr. Mandler, elections are approaching. The CsDI is one of eight political parties associated with the Civic Forum which will run on the same ballot. Will your party be at all able to assert itself in a more independent way during the election campaign?

[Mandler] The CsDI still holds the view that our next elections will reveal the polarization of our public opinion schematically. For that reason we want the constituent national assembly to be elected for a period of only, say, two years; in our opinion, once the new constitution is adopted, other regular elections should follow. Within the Civic Forum we shall naturally try to promote these and our other political standpoints in a way that will not weaken the Civic Forum.

[ZEMEDELSE NOVINY] Is the CsDI afraid of the risk of certain authoritarianism on the part of the highest ranks in the Civic Forum?

[Mandler] I am no longer afraid that the Civic Forum will turn into a monolith along the lines of the post-1945 National Front. I am far more worried about certain centrifugal trends. There are already eight political parties in the Civic Forum and more want to join. However, a strong aversion against political parties is evident particularly among the lower ranks of the Civic Forum—mainly due to experience with the CPCZ monopoly. I think that in time our political parties will have to become independent of the Civic Forum. Our current objective is not to let these centrifugal trends cause any serious complications in the Civic Forum before the elections. The CsDI will resist that, and time will tell how we will act after the elections.

[ZEMEDELSE NOVINY] Thank you for the interview.

HUNGARY

Election Committee Functions Described

25000609D Budapest NEPSZAVA in Hungarian
11 Jan 90 p 12

[MTI report: "If a Citizen Votes in Violation of the Law: Voter Lists, Flyers, Nominating Slips, Legal Remedies. The Functions of the National Election Committee"]

[Text] The National Election Committee [OVV] has been operating ever since last November's popular referendum. OVV Secretary Pal Kara told an MTI [Hungarian Telegraph Agency] reporter on Wednesday [10 January] that following the referendum the OVV summarized its experience, and, acting beyond its duties required by law, it analyzed the problems that confronted the committee and election organs.

There is no chance today that the National Assembly will change the election law, because preparations for the 25 March elections were begun on the basis of the existing law. For this reason the committee recommends to the

National Assembly that it issue statements of principle for the uniform interpretation of the election law. This kind of clear guidance is needed, for example, with regard to the respective jurisdictions of local and regional election committees and of the OVV; or with respect to action to be taken in regard to the votes cast in a district, even if only one citizen casts his vote in violation of the law. The latter may have great significance, because an illegally cast vote may determine whether a smaller party receives the four percent of the vote needed to acquire parliamentary representation.

The National Assembly must render a decision on this proposal in the course of its January session, because time is running out. The legislative body must also take action regarding the election of yet another committee member. The law provides that the secretary and four members of the OVV be elected by Parliament, based on recommendations made by the minister of the interior and in due consideration of views expressed by the parties. From among the members elected earlier, professor Antal Adam resigned his OVV membership, because he was elected to serve as a member of the Constitutional Court in the meantime.

Even in this way the OVV will not have all its members, because additional members of the committee are delegated by parties capable of running candidates on the national slate. On the other hand, only those parties can establish a national slate which have established slates in at least seven regional voting districts.

At this time the OVV has adopted a draft proclamation which provides guidance to voters concerning voter lists, flyers, nominating slips, and opportunities to obtain legal recourse. The proclamation is now being printed and will appear on the streets in the form of a poster.

The OVV and the Interior Ministry Elections Office must be provided with working conditions that are commensurate with the dignity of the elections, starting during the campaign period. For the time being neither the personal, nor the technical and material conditions for this exist.

Election Schedule Announced

25000609E Budapest NEPSZABADSAG in Hungarian
12 Jan 90 pp 1, 5

[MTI report: "Interior Minister's Decree: Election Schedule"]

[Text] The Minister of the Interior has promulgated a decree concerning the calendar deadlines of the National Assembly representative elections scheduled for 25 March.

The decree provides that members of election committees in individual voting districts must be elected as soon as possible, following a council of ministers decision establishing individual voting districts. Parties and independent candidates shall announce the names of their

delegates to election organs by 23 February. Members of ballot counting committees shall be elected or supplemented by new members by local councils by 23 February. On 24 February an announcement concerning the day of the election and voter registration shall be published. Election organs having jurisdiction shall issue proclamations concerning the nomination of candidates and the announcement of candidates by 24 January. Nominations shall be recorded, or rejected if such nominations do not correspond with legal conditions, by 26 February.

Regional election committees and the National Election Committee [OVb] shall designate the sequence in which slates (national slates; party slates;) shall appear on the ballot form, and shall announce the names of candidates thereafter. Based on the registered candidates the OVb shall take action for the Ministry of Finance or a financial institution designated by the Ministry of Finance to provide budgetary support personally to the independent candidates, and in lump sums to the parties.

Voters and social organizations which nominate candidates may collect nominating slips between 24 January and 23 February. The names of candidates running in individual voting districts, as well as regional and national slates, must be conveyed directly to the election committees having jurisdiction by 23 February. Parties may announce new candidates to replace nominees who drop out of regional or the national slates prior to 17 March at the election committee having jurisdiction. Parties may announce joint nominations, joint slates, and the linking of slates until 17 March.

The election campaign ends at 2400 hours on 23 March. The Hungarian Telegraph Office [MTI], Hungarian Radio, and Hungarian Television shall present election announcements made by parties at least once free of charge, between the period starting on 26 February and ending on 23 March. During the same period Hungarian Radio and Hungarian Television shall present the various parties running on the national slate in the following manner: providing equal conditions in news reports; providing time proportionate to the nominations in elections reports. On 23 March Hungarian Radio and Hungarian Television shall publicize the election summaries provided by the parties comprising the national slate. This presentation shall be made under equal program conditions, with equal time provided, and without commentary. Campaigning shall be prohibited beginning at 0000 hours on 24 March and the prohibition shall last until the elections are complete. Opinion polls concerning the elections shall not be made public beginning on 17 March.

Voter lists shall be made available for public inspection between 24 January and 3 February. Notices of registration must be mailed to voters prior to 24 January. Objections related to the voter list must be submitted to the secretaries of local council executive committees prior to 3 February. Voters changing their permanent

residence after the completion of registration and persons absent from the place of their permanent residence on election day may request certification.

Finally, the minister of the interior provides in the document that the OVb shall publicize the preliminary results of the elections by 1800 hours on 26 March (or by 2000 hours if the elections were extended). Parties and independent candidates shall give account of the use of budgetary support received by 24 April, and shall make public in the press the money amounts, the extent of material support, and the method of utilization used in the course of the elections.

The decree takes effect on the day it is promulgated, and shall appear in No. 4, MAGYAR KOZLONY.

MSZP Office Vandalized

25000609G Budapest NEPSZABADSAG in Hungarian
12 Jan 90 p 9

[Text] On Thursday at dawn, unknown offenders broke into the offices of the Hungarian Socialist Party [MSZP] Szigetszentmiklos organization. They vandalized the furniture and scattered election-related documents and membership records. They also vandalized council offices located in the same building. The Pest County police department has begun investigating the incident.

POLAND

Major Theses in Territorial Self-Government Noted

90EP0308A Warsaw RZECZPOSPOLITA in Polish
5 Jan 90 p 3

[Article by (WR): "Initial Fittings: The New Shape of Local Self-Rule"]

[Text] The first legislative initiative of the Senate, namely, a package of regulations defining the legal nature of local self-rule, is taking real shape. For two days (on 4 and 5 January), joint Sejm and Senate commissions have been discussing the related draft legislation, including laws governing elections to local governments.

A major topic of the deliberations has been the assumptions of the draft institutional decree. Hence, we asked its coauthors, the Senate experts Docent Michal Kulesza and Docent Zygmunt Niewiadomski, to explain more clearly to our readers certain proposed solutions.

Organization of local self-rule: The basic form of the organization of public life in local communities is to be the rural or municipal "gmina" [township]. Gmina councils will be chosen through popular elections and their executive bodies will be gmina boards headed by chiefs in rural gminas and mayors in municipal gminas as well as in cities with a population of more than 100,000.

Supragmina structures: Three kinds of such structures are proposed. Communal associations and agreements are to promote achieving common goals. In principle they will be voluntary; the formation of a mandatory association can be mandated only by a decree. This may concern chiefly major conurbations.

The voivodship self-government dietine is to consist of representatives of all the gminas. Its purposes will include evaluating the performance of self-government and representing its interests vis a vis the state administration as well as exercising social control over that administration. On the other hand, the dietine will not own communal property.

It will be possible to form communal associations for the purpose of, e.g., exchanging experience.

Auxiliary lower level structures: Within the gmina the gmina council may decide to form separate hamlets (rural gmina) or boroughs (municipal gmina). These entities will have legal entity, along with the right to own property, on the basis of an ordinance by the president of the Republic.

Purposes of self-government: They will primarily concern anything relating to meeting the collective needs of local communities, and in particular the maintenance of the technical infrastructure (roads, water systems) and social infrastructure (schools, health centers) as well as of public order and rational land use and development.

The gmina may also handle tasks for the state administration, e.g., conduct a public census.

Finance: A single budget in each gmina will be the basis for planning the activities of that entity. The revenues will originate from, among other things, taxes, profits from business activities, loans, and subsidies. A goal is to abandon targeted subsidies in favor of general subsidies whose disposal the gmina would independently decide upon.

Economic activity: This is still a controversial subject. It is proposed that the gmina should not only act to directly meet the needs of the community but also engage in commercial projects.

Communal property: It is to include whatever serves to promote the purposes of self-rule, and in particular, arable and forested land, technical and social infrastructure, and savings and loan institutions.

Oversight of self-government: Intervention in the activities of self-government can be made only on the basis of decrees. The draft local self-government decree mentions two kinds of supervisory bodies: self-government dietines and state agencies. The most drastic administrative means that can be applied after resorting to other, complicated procedures consist in placing a gmina in government receivership (to be ordered by the premier

with the consent of the president in the event of prolonged mismanagement of local self-rule) or in the dissolution of the council (by the Sejm upon the premier's recommendation, in the event of recurrent violation of the constitution or laws).

As emphasized by the chairmen of both parliamentary commissions—Jerzy Stepien for the Senate and Walerian Panko for the Sejm—the purpose of their joint sessions is not to prejudge anything but to identify controversial points that need further ironing out. The discussion indicated that the most disputed issue were those of communal property—and properly speaking of all the questions this raises—followed by the relationship between self-government and state administration; the government representatives voiced the fear that the language of certain draft provisions implied antagonism between these two forces, and they criticized the imprecision of language and the absence of explicit concepts. Another disputed issue was the organization of self-government in large cities and conurbations; many persons spoke out in favor of separate regulations for these entities.

But as for the electoral laws, all the discussants were in favor of the proportional system, i.e., electoral lists and making the number of seats won in a council contingent on the number of votes cast. It was stressed that this system has the advantage of not eliminating the minorities as well as of encouraging voting for not so much personalities as programs.

Cable Television: Current Options, Future Plans *90EP0295A Warsaw PRZEGLAD TYGODNIOWY in Polish 14 Jan 90 p 13*

[Article by Adam Wojciechowski: "Forbidden Fruit From the Sky: Cable Television Will Change the World"]

[Excerpts] Only a blind Utopian could envisage the future world without the all-pervasive television. Even though its arrival is relatively recent (it was commercialized on the American market in 1950), watching television has become as natural as brushing one's teeth.

The percentage of Poles who keep company with it daily runs between 30 and 90 percent. [passage omitted]

It may be said that television is good when it reflects everything that is happening in a given society (I am disregarding the mode of transmission). That is reason enough for the limited access of the majority of inhabitants of our country to scarcely two television programs a day to have become a fundamental obstacle to progress in our country in various fields, a way in which we have fallen behind many countries and a boundary separating us from a joint Europe and a world without bounds.

That is why one of the most pressing investments today is the creation of multichannel television, with cable television being its best variety. When linked up by

satellite, it makes possible the viewing of programs from all over the world as well as the transmission and reception of programs within a region smaller than a hamlet. [passage omitted]

The need for cable television arose first in those countries in which the self-government movement plays an important role: Switzerland, the FRG, Belgium, Holland and Denmark. It is the simplest means of communication. It makes possible the creation of local sociocultural centers. It may be utilized for organizing discussions, conferences and referendums on topics of interest to the local population. It allows for direct participation in a television debate without the need to leave one's own home. It may play the role of an automatic caretaker or physician, it may link up with a central data bank, supply the daily newspaper and make possible the study of foreign languages or the selection of programs according to one's desires.

At first private cable television station owners in small nations in which foreign language programs are available began to offer their selections with a simultaneous translation. Later on in Switzerland, however, cable television was supposed to free inhabitants from the pressure of attractive German and French programs received from outer space.

Economic arguments, however, were the most important arguments. The cost of introducing cable television exceeded only minimally the price of a complex antenna system to receive many distant stations. And so, in a short time, the number of households using cable television grew to 90-95 percent. Vienna and Munich are the most "cable-wired" cities in Europe. [passage omitted]

The introduction of modern, wideband cables makes possible the transmission not only of a dozen but of dozens of programs. Television viewers will be able to have a choice in television viewing, not to mention the thousands (and not only the hundreds) of channels available today. At the same time, with the expansion of cable television, by 1992 Western Europe will be covered by a modern network communications system which will utilize the D-NET satellite. In the future, every country will have its own satellite in outer space to transmit television programs. [passage omitted]

Experiments to broaden the dissemination of cable television are also being conducted in all the countries of Eastern Europe. The Hungarians showed the earliest interest in it and now they are the most advanced. Since the introduction of cable to the small town of Keszthely on the Balaton River, its residents are able to receive not only Hungarian programs but also two Yugoslav programs, two Austrian programs and one Soviet program. The inhabitants covered installation costs. At the same time, they built a television center to produce local programs and a local newspaper for tourists in English, German and Russian.

The inhabitants of Budapest are likewise using cable television. The total number of centers operating cable

television in Hungary was 23 in 1988. The Europe-wide Sky Channel program has better reception in Hungary than in France or Spain. Moreover, the Hungarians are able to take advantage of such European programs as Super Channel and TV-5. The newspapers publish their schedules as well as Hungarian-English glossaries to facilitate their comprehension.

Some GDR locales which are not reached by FRG programs also have cable television. In the Soviet Union, the inhabitants of Volgograd have such television available.

The development of the self-government will also stimulate the development of cable television in Poland. Wojciech Dobrzynski, former political prisoner and Solidarity activist, is one of the initiators of this development. There are many matters to resolve since, as a result of the anachronistic policy of the Ministry of Communications, Poland still does not have cable television in the sense that it is operative throughout the world. We produce neither wideband cables nor other indispensable equipment.

The ideas generated earlier in the ministry and at the Communications Institute may be defined by the term "television for the indigent." A characteristic example of this is the idea of large collecting antennas (WAIZ). Another characteristic example of "television for the indigent" was created by the Ursynow-Natolin Sociocultural Society, which overcame many obstacles and compelled a decision, presenting the authorities with a fait accompli. It utilized a neglected collecting antenna installation which had many defects. Then another firm quietly began to set up a similar television installation in Lodz, Zyrardow, Kolo, Mielce and Radom.

Poland, however, is still lacking a strategic concept for the development of cable television that would at least define the parameters of the apparatus to be installed. Not awaiting the creation of such a program, the Polish Cable Television Company, with Andrzej Muras chosen as its president, began operation. The company was created by Poltel, the Polish [Administration of] Posts, Telegraphs and Telephones and the offices of the president of Warsaw and Krakow, among others. One of its shareholders is the American businessman William Sinkunas representing the Dutch company Poland Cablevision, another is the well-known American millionaire David Chase (together they hold 70 percent of the shares) and a third is our own Poltelkab (with 30 percent of the shares).

The company is beginning to introduce cable television in Warsaw and Krakow. Poznan, Gdansk and Katowice are next on the list. The entire operation is planned for 3-5 years. By June 1990, the first subscribers should have access to 20-channel cable television. The monthly subscription for the first group of program will cost \$8.50, the second \$8, and the third \$6 (payable in zlotys). The

total combined cost will be lower than in the case of a private receiving antenna installed at a cost of a minimum of \$1,000.

Individual channels are set up for the following programs: 1) I TVP, 2) II TVP, 3) local, 4) educational and given over to the disposal of the Ministry of National Education or independent, 5) Soviet television, 6 and 7) satellite programs (French language TV-5, Italian RAI Uno). Payments for this group of programs will have to be made in zlotys, while the others will have to be paid for in dollars. The second group of satellite programs broadcast in the Polish language version includes: 8) film programs 9) films and programs for children and youth, 10) Eureka (a popular science program) and 12 and 13) musical programs.

The third group includes six satellite programs transmitted in the Polish language version at public request (CNN, Sky Channel, Super Channel, RTL plus, SAT-1).

It will not be possible to receive this many channels on a normal receiver. Consequently, the company will supply the proper converters. So as to ensure the highest world class equipment, it has entered into cooperation with the American firm Magnovox [as published] (in Europe, there is no system in operation that is larger than 24 channels, while there are 88-channel systems in operation elsewhere in the world).

What are the inhabitants of many other cities supposed to do? Perhaps the newly created team of experts will propose a new solution. Wojciech Dobrzynski has interested several Sejm deputies and senators in the cable television issue. These include: the team of Prof. Daniel Bem (Wroclaw Politechnical School), Engineer Stanislaw Racuk from the Communications Institute in Gdansk, Engineer Stefan Orwat from Poznan (from the Spektrum firm which is installing satellite television in Warsaw's Sadyba), Senator Piotr Andrzejewski, Attorney Wieslaw Johann, Edmund Krassowski and his group of deputies and Senator Jan Jozef Lipski. The purpose of this team is to facilitate the work of initiatives groups in various cities throughout Poland and to ensure that the solutions adopted in these centers are compatible.

The Ministry of National Education should become involved in these initiatives. After all, pluralistic television cannot limit itself to entertainment and to snooping on and peeping out at the world. Given the insufficient development of educational institutions and the underdevelopment of schools and academic institutions, specialized programs are needed for the schools, for those representing the physician's business, for persons learning foreign languages, for preschool education, the permanent formation of adults and various forms of self-education.

Access to many television programs will signify the end of monopolistic, mass reception. It will contribute to changes in existing programs. The best programs will begin to win out in the competition. Boring and more

poorly run national programs will begin to lose in competition with foreign programs.

There is no question but that international television, which has created a larger selection, will make one of the greatest changes on a worldwide scale over the next 30 years. In the opinion of sociologist Franco Ferraro, robotization and working at home, possible due to cable television, will change existing habits and interpersonal relations.

YUGOSLAVIA

European Community Officials Interviewed

Conditions for Yugoslav Membership

90EB0165A Belgrade NIN in Serbo-Croatian
10 Dec 89 pp 36-37

[Interview with Abel Matutes, European Community commissar, by a NIN reporter in Brussels in December 1989: "We Are Worried About Yugoslavia"]

[Text] Abel Matutes is an EC [European Community] "commissar," which is an office in the internal "organization table" that corresponds to the rank of minister in the EC government. The "government" (the EC Commission) is headed by its chairman (Jacques Delors), and the government consists of 22 members. The larger member countries each have two representatives in the Commission (one representing the party in power, the other the opposition), and the smaller ones have one. The EC's relations with Yugoslavia fall within the area of responsibility of Mr. Matutes, who represents Spain (he is an official of a Spanish opposition party). But with respect to one characteristic—not at all negligible—Matutes is an exceptional individual at the top of the EC: as a private person he is a billionaire and is undoubtedly the richest official in that organization. He is the owner of (the major portion) Ibiza and a large number of hotels in that famous Spanish summer resort, he pilots his own plane, and when he took up the office in the EC he took advantage of the privilege accorded officials at his level (who can buy household furnishings and an automobile without duty) to buy another airplane!

Last week in Brussels, he received a group of Yugoslav journalists, and on that occasion he was kind enough to answer several questions for NIN's series entitled "Europe '92."

The first question I put to him was this: What did he think about the relations between Yugoslavia and the EC and about the Yugoslav application to acquire the status of "associate member" of the European Community?

"Speaking exclusively in my own name, I can say that the declaration of the Yugoslav Government, which has been submitted to us, is a very good one. The Yugoslav

Government speaks in that document about its intentions to establish a market economy with all the accompanying mechanisms, and we here can only welcome that. Nevertheless, we are rather afraid that Yugoslavia's present problems are not exclusively economic in nature and that they cannot be resolved solely by economic means.

"But there is no doubt that the economic problems are in first place, and in this respect your stabilization program, which you will establish together with the IMF, seems to me very important. Without support of the IMF it would be difficult to guarantee the inflow of the indispensable foreign capital necessary for your stabilization.

"But along with the economic problems, there are also certain complementary political topics which must not be overlooked.

"For example: Without a centralized macroeconomic policy and without centralized monetary policy in your country, it is very difficult to ensure the objective of your stabilization program. And these are not exclusively economic issues; this presupposes a reform of your political structure. That is in fact the most important reason for our concern and fear in this case.

"At the same time, we would be happy to see continuation of the process of opening up toward democracy, which is much talked about in your country, which even some of your distinguished political officials have been talking about, and this is also mentioned in the declaration of your government submitted to the EC. In any case, along with all these economic and other measures which are being talked about, we would like to see political pluralism in your country. I am particularly referring here to the possibility of establishing a multi-party system. We realize that this is not a simple matter. We realize that something of that kind must be established cautiously, gradually, step by step.

"With a clear ultimate goal ahead, I think it will not be difficult to resolve all the existing problems, the economic problems and the others. And if we are agreed on that, if we are patient and cautious, I think we will manage to achieve what we had in mind."

[NIN] Would the political pluralism you mention be an indispensable condition even at this point for Yugoslavia to obtain the status of "associate member" of the EC which it desires?

[Matutes] No, I would not say that. At this moment, there is no uniform policy as to priorities of that kind. You see, we have countries that differ very greatly among our neighbors. And there are at least three different approaches in formulating special conditions for establishment of specific relations with countries which are our neighbors.

The first, for instance, is the model of relations with the member countries of the EFTA (Austria, Switzerland,

Sweden, Norway, Finland, and Iceland), with which we have been developing relations in the direction of establishing some kind of free trade integration; these countries will in some fashion be included in our future unified market. We do not provide those countries any financial support whatsoever, since they do not need it. They have an economic and political structure similar to ours, they belong to similar cultures and traditions, and that makes it relatively simple.

The second is the model of our relations with the East European countries. Out of a desire to help them to overcome present difficulties, we have made an urgent and unanimous decision to offer them financial aid. First of all, we want to help them in overcoming the problems which are the result of abandoning the centralist system of planning and of the reorientation toward a market economy. But here we also put a clear political condition that these countries carry out a political reform that will lead toward establishment of what we mean by the term "democracy." Democracy of the Western type.

And there is a third model—the model of our relations with the Mediterranean countries. In this case, we are ready to offer certain help in development and financial aid, as well as some kind of technical assistance, so that we might help these countries to conduct a more effective macroeconomic policy and to overcome the problems of unemployment in their countries, since we realize that economic emigration is not a good solution. As for trade, we will give these countries certain opportunities to export their products to the market of the EC. We will do all this gradually, bearing in mind the differing level of economic development of those countries as compared to the countries of the EC.

As I see it, these are the three basic models of relations which we will develop, gradually overcoming in this way all those specific arrangements concerning cooperation or "associated status" of individual countries that in the past we have had with some of them. But these are only certain conceptions which for the present have not been finally decided, and I repeat, therefore, that I can speak about all this only in my own name.

[NIN] In your opinion, what is the difference between the agreement on cooperation with the EC that is now in force between Yugoslavia and the EC and an agreement on the status of "associate member" as Yugoslavia has just proposed?

[Matutes] The difference is not great. The only practical difference is that in the case of concluding a treaty on "associate status" we would have to establish a customs union. That is, Yugoslavia would enter a customs union with the EC. All the rest in our mutual relations would be just as it has been up to now. In no case would that status signify that Yugoslavia would tomorrow be in a more favorable position than other candidates if, say, it wanted to become a full-fledged member of the EC, nor

does it guarantee Yugoslavia any kind of special economic or similar assistance, and so on.

I therefore think that for Yugoslavia it might be more beneficial for practical reasons to decide in favor of one of these three general models of relations which we are just now thinking about, instead of requesting that we establish an outdated model of relations which in essence is not anything essentially new over what we have had up to now.

[NIN] Yugoslavia is now "classified" among the Mediterranean countries in the EC, and there is talk right now about the intentions of the EC to revise the policy it has had up to now toward the Mediterranean countries. What might that specifically mean for Yugoslavia?

[Matutes] Yugoslavia does belong to the Mediterranean. It is an important country in that region and has long-lasting and good relations with the EC. I naturally was also including Yugoslavia in my analysis of our relations with the Mediterranean countries which I recently submitted to the EC Commission and the Council of Ministers of EC countries. And in principle I think that the best and most useful thing for Yugoslavia would be to be treated as a Mediterranean country in the EC.

[NIN] Why?

[Matutes] Because we intend to set aside certain funds to aid the Mediterranean countries, and accordingly this would be a way for Yugoslavia to receive assistance from us as well. And then I think that we will have to gradually provide the economies of these countries an ever better access to our unified market. And our penetration into those countries will also have to be gradual, so that even in this way we would help these countries to avoid additional difficulties. Of course, in view of the wealth of cultural, religious, and other differences in the Mediterranean region and the numerous specific characteristics there, our political stipulations toward these countries will be measured and moderated very carefully. We want to help these countries to overcome their present difficulties, to become more efficient in the economic domain, and to orient themselves toward democratic development insofar as that is possible. After all, those countries do not have the same tradition as, say, Hungary or Czechoslovakia, which at one time were democratic countries in the Western European sense of the word. So, when we call upon the Mediterranean countries to establish democracy, we must be far less severe and more cautious in stipulating a demand of that kind. We will give them more time and offer a greater opportunity.

But I do not want to prejudice anything at this point. Regardless of whether in our relations with Yugoslavia we remain in the future with the agreement on cooperation that we have had up to now or we will agree to sign a new agreement on Yugoslavia's "associate status," we will take pains to behave in the manner which the situation warrants. I have talked about all this in detail with Mr. Loncar, your minister, a useful debate has been

conducted on this in the EC Commission and in a meeting of the Council for Cooperation With Yugoslavia, which was attended by all the ministers of the EC member countries, and I am convinced that everyone, both you and we, has reason to be very satisfied with what has been achieved so far.

[NIN] If Yugoslavia should acquire the status of "associate member," would it then be prevented from qualifying for the assistance which the EC intends to offer the Mediterranean countries?

[Matutes] No, they are not mutually exclusive. Cyprus and Malta, for example, now have the status of "associate membership" which Yugoslavia also wants, but they are fully embraced by our policy of measures toward the Mediterranean countries, since those countries are a part of the Mediterranean.

[NIN] It has been said that some time is necessary to study the Yugoslav application for the status of "associate member." How long could that take?

[Matutes] We have just begun preparations to renew the financial protocol with Yugoslavia, which is supposed to take effect next year. If the Council of Ministers agrees, and the Council's reaction up to this point has been very favorable, I think that by that time we could arrive at final definitions and begin to apply our new Mediterranean policy. And those two things are most directly related to the possible acceptance or nonacceptance of the Yugoslav application. All in all, I think that at least a year would be required for the type of preparations implied by acceptance of the Yugoslav request. That is, I do not expect that this could happen before 1991, and perhaps not even before 1992.

Similarities, Differences Noted

90EB0165B Belgrade NIN in Serbo-Croatian
10 Dec 89 pp 38-39

[Interview with Eberhard Rhein, department head in the European Community, by a NIN reporter in Brussels in early December 1989: "Where We Are Alike and Where We Differ"]

[Text] Eberhard Rhein is head of a department in the Economic Community (for Mediterranean countries) whose area of responsibility includes the Community's relations with Yugoslavia. In an exclusive interview with NIN last week at the Community's headquarters in Brussels, Mr. Rhein first answered a question about the EC's relations with Yugoslavia, about the possible influence of the most recent events in Eastern Europe on those relations, about the conditions that Yugoslavia would have to fulfill if it is thinking about joining the Community someday, about the similarities and differences between Yugoslav federalism and the federal structures of the EC.

"Relations between Yugoslavia and the EC are very good. Yugoslavia for us is a good and friendly neighbor

with which we desire to have the closest relations. Yugoslavia is located between countries which are our members, Greece and Italy. Nor is it far from West Germany. We think, then, that mutual cooperation is of vital interest both for you and us.

"Our relations are regulated at present, as you know, by the agreement on mutual cooperation signed in 1981, which allows Yugoslav industry access to our market. We have seen that the Yugoslav economy has been skillful enough to derive significant advantages for itself from that opening. Trade between Yugoslavia and the Community has been growing very rapidly, especially during the last several years; that process is continuing this year as well, thanks to the economic boom in the Community, of which Yugoslav producers have also skillfully taken advantage, and at the same time thanks to changes in your foreign trade regime, that is, thanks to the liberalization of the regime governing foreign trade, to the significant deregulation, and to your present much more reasonable policy of a free exchange rate for the dinar.

"For all these reasons, I think it is not unusual at all that Yugoslavia should have achieved a kind of miracle in its foreign trade: What was a deficit of \$4 billion in trade with the Community has in the course of this year been turned into a surplus which by the end will probably amount to somewhere around \$5 million to your advantage. This is a fact which can only lead everyone to give credit to the Yugoslav economy and the Yugoslavs in general, and we can only be happy that we contributed to that significant success.

"The development of our mutual economic cooperation will require still closer linkage. Yugoslav firms will find their place within the Community; at present, there are not yet very many of them, but some have already begun to prepare to embark on our future unified market. And many companies from our countries—Italy, West Germany, France, and others—are entering into joint projects with Yugoslavia, and in that context the recent important improvement of your legislation on enterprises and on joint ventures will be a factor that will undoubtedly facilitate still better economic relations between the EC and Yugoslavia."

[NIN] How might the most recent development of events in Eastern Europe affect relations between the EC and Yugoslavia? Have some of those countries now become a kind of competition to Yugoslavia as a specific partner of the Community?

[Rhein] First of all, I would like to say that unlike Yugoslavia, none of the East European countries has free access to the Community's markets at this moment. Only in 1990 will the Community begin in a sense to apply its mechanism of preferential treatment of developing countries to Poland and Hungary as well. But even then these countries will be far from the position or opportunity of gaining access to the Community's market which Yugoslavia has.

Second, since the beginning of the eighties Yugoslavia has received significant financial aid from the Community through the European Investment Bank, aid which up to now has amounted to almost \$1 billion. Whereas, as you know, not a single East European country has so far received any financial aid from us at all. To be sure, the Commission of the European Community is now preparing, along with other Western countries, to offer aid to Poland and Hungary, which have committed themselves to democracy. But at this point I am not in a position to tell you precisely what sums are involved, since this is still being debated. In any case, this could only be a limited action to help the economies of those countries so that they can overcome their present difficulties more easily, difficulties resulting from their large foreign debt and many internal troubles, and so as to facilitate a less painful transition from the regime of central planning to a market economy.

In that context, bearing in mind the level of the foreign debt, I think that the Yugoslav economic situation, with the exception of the factor of inflation, with which you have surpassed everyone, is in a considerably better position than Poland and in many respects better than Hungary as well.

But if we think in terms of the long run, if you have in mind the nineties which are ahead of us, it would be worthwhile for Yugoslav business people to nevertheless assume that in this respect they will not always be privileged as compared to the Hungarians, the Poles, and perhaps also the Czechoslovaks and Bulgarians, as they have been up to now with respect to the opportunity to gain access to the markets of the member countries of the Community.

Further, these countries from the European East will in future certainly be a significant competitor to Yugoslavia with respect to resources from various funds which Yugoslavia has used, while this was not possible for them, such as the funds of the European Investment Bank, the World Bank, or the IMF, as well as private funds.

A few days ago, for instance, a group of Western European banks granted Hungary a loan of \$250 million for economic stabilization, and I expect that other similar applications from the East European countries will also encounter a favorable response.... However, I am also convinced that the processes taking place at this moment in the various East European countries could also have a beneficial effect on Yugoslavia.

[NIN] If by some chance Yugoslavia were to seek entry into the European Community tomorrow, what would be your response?

[Rhein] This would be the response of the European Community: First, your desire does us honor. Second, we would beg you to understand that at this point we are too preoccupied with our internal problems as we prepare for establishment of a true federal structure, and you Yugoslavs certainly know what that means, since

you, to the best of my knowledge, also have been having problems establishing that kind of structure in your country. Accordingly, please be patient, since for a certain time, over the next several years, we do not intend to increase our membership.

We would have something else to say to you: Please understand that you are not the only European country which is thinking about entering the EC. We have already received two formal applications for membership, from Turkey and Austria, and at least two other countries (Cyprus and Malta) are making serious preparations for that. And there is also one East European country, Hungary, which has clearly stated that it would like to join the Community in the future. So, when all that is borne in mind, it turns out that some 10 or so countries, and perhaps all 15 European countries which are today outside the EC, are thinking about the possibility of joining the Community.

We would then also say to you that there are two preconditions which every candidate must meet to join the Community.

The first is that the candidate country must have a serious market economy. In that respect, Yugoslavia has made considerable progress recently, but it still cannot be said that it can be compared with the economies of member countries like Belgium, Denmark, or indeed even Spain....

The second condition is the existence of real political democracy. This means that it is not enough to have some kind of intellectual pluralism or pluralism of the republic. But that it is necessary to have a real multiparty system. I know that your prime minister has recently declared quite unambiguously that there is no alternative to pluralism, but we have the impression that there is still a great deal of hesitation in the practical application of that commitment; as far as I am able to see, a decision has yet to be made in your country about how and when you will establish democracy and free elections and allow various parties the opportunity to operate in all the republics, not just in some of them, as well as at the federal level.

[NIN] Your goal is for the European Community to become a kind of federation in the future. I assume that you have studied the Yugoslav experience and you are mindful of avoiding a repetition of Yugoslav mistakes, of avoiding "Yugoslavization" or "Balkanization" of that future supranational structure?

[Rhein] I am glad that you asked me that question. We have just been studying the Yugoslav experience, and I can tell you that unlike you we have avoided accepting the principle of consensus as the fundamental principle of our internal federal structure.

We have strictly limited application of the principle of consensus to only a few issues, such as acceptance of new members into the Community, the decision on changing our "charter," or, which is on the agenda at the moment,

decisionmaking on a monetary union.... But we make most decisions, operational decisions, by majority vote. Nevertheless, we are careful here for the votes of all member countries, large and small, to have equal weight.

So, there is no principle of mandatory unanimity in all decisions, but care is taken that the smaller members of the Community have special treatment. We are, of course, aware of the fact that it is in the common interest of all to advance the economies of members of our Community who are weaker at the moment. During 1991 alone, the Community will spend about \$20 billion for the development of the less developed regions on our territory, such as Sicily, Greece, Portugal, Spain, and Northern Ireland. These are immense sums of money, but this is very important to us.

While there are only 12 of us in the Community, I think there is no danger of what is usually meant by the term "Balkanization." After all, we are all aware of the need that we must always seek compromise. We carefully avoid allowing any member to gain a more favorable position than the others, although it is clear that our member countries are not equal to one another and that West Germany, for example, is economically stronger than the others. Germany must therefore take pains not to turn its economic superiority over others into some kind of superior political position.

I know that it is not always easy to change the internal arrangement in a federal community and that therefore you will continue to have to live with yours, just as we will live with our system, and in your case that situation is much more complicated than ours....

Serbian Youth Organ Describes 'Beirutization' of Kosovo

*90EB0168A Belgrade NON in Serbo-Croatian
15 Nov 89 pp 6-9*

[Article by Bogoljub Sajic: "A Situation Colored With Tear Gas"]

[Text] Those with long experience say that every departure is a kind of arrival!

When I left Kosovo, way back in 1974, I was firmly convinced that I would return one day, I had no idea that on my first return (arrival) my eyes would be full of tears. I cried on my departure from Kosovo, and I cried again this March in Kosovo. And this most recent meeting with my homeland, in November, convinced me that departures are truly like arrivals. To be sure, just as in March, in spite of the tears in my eyes I had to go through the "regular" procedure of showing my papers and the inevitable "clearing of the throat"! Both the tears and the showing of papers and the "tear gas" in the lungs are a consequence of the "happening of the Albanians..." on my return! There are still some who call this an extension of the counterrevolution, but there are also those who have christened it the consequences of the repressive restoration of order!

The "Press Camp," what they still call the Grand Hotel in Pristina, which certainly should lose at least two of its five stars, once again did not support the thesis of "Lebanonization of Kosovo and Beirutization of Pristina"! The crowd of domestic and foreign journalists, photographers, and cameramen after a good "rinsing of the eyes," exchanged news from various points where the demonstrators had been protesting the trial of Azem Vllasi and The Fourteen! The main hotbeds are Podujevo, Urosevac, and Pristina and that Friday they were not the focus of the domestic public alone. The "old settlers" had two principal news items to serve their colleagues who had just arrived: the good news was that the korzo in Pristina was no longer divided into "Serbian" and "Albanian," but the bad news, which explained the first item, is that young Albanians and members of the special forces are mainly those who stroll up and down in the korzo! Regardless of the mood at the bar of the Grand Hotel, the atmosphere is said to be worse than gloomy!

Before arriving in Pristina, a few kilometers from Podujevo, the overpass which marks the "border" between Serbia and Kosovo has for a long time been warning "official persons" to be cautious! At the very entrance into Podujevo, a patrol of "specials" checks papers and allows only those who swear that they are going there on their own responsibility to enter what is at the moment the "center of the counterrevolution." In the case of a newspaper team, they ask for the name of the group leader, and the leader of the patrol agrees with him on the "job" of entering the city safely.

In Podujevo itself, the building housing the Podujevo Opstina Committee of the LC is certainly the safest place after the police station. Dragan Smigic, the committee's secretary, explains the "most critical situation ever recalled in this place" and offers figures on the ethnic composition of the population as one of the reasons and "justifications" for the most recent events: of about 90,000 local inhabitants in this opstina, only 1.4 percent are not of Albanian nationality. "A strange region," Smigic comments, and sends us off to the "other officials"!

Guerrilla Warfare in the Alleys

If Urosevac was the epicenter of the Kosovo upheavals in March, then there is no doubt that Podujevo is today the "capital" of the "happening of the counterrevolution" in Kosovo! Those who are well-informed about conditions and troubles in Kosovo and professional observers who have been in Kosovo since the first day of the new wave of unrest that has splashed over this Yugoslav Lebanon (in that segment of the press which does not make comparisons of that kind they write Liban instead of Lebanon) say that this is perhaps the fiercest and most brutal skirmish that has taken place in Kosovo. Frequent bursts of fire, not only on the outskirts of Podujevo, and the clouds of tear gas which the local people became used to long ago are nothing compared to the real guerrilla skirmishes in the small alleys and

cramped streets of many neighborhoods in Podujevo. For the moment, the shots do not always hit their target (except for the firing of tear gas), but the assault on a policeman (of the same nationality) by one of the young demonstrators and the serious wound inflicted with an ax must be a signal for more appropriate combat equipment of the policemen who cruise the city in large numbers.

In the last several days, immediately after the call of the muezzin from the minaret of the mosque (incidentally, we verified that this call is the usual one under "normal circumstances," if there ever is such a thing in Kosovo) the streets and byways of Podujevo begin to roil! There simply are too many people going back and forth several times along the same route for it to be accidental. At about 1300 hours, after distant whistles and what is literally hollering, groups of between 50 and 100 form up at several points, mainly young people who move toward the center of town. In this situation, "colored" with tear gas, this obviously is the most essential declaration, since at the very first "collision" with the police the demonstrators withdraw again into the side streets and to the outskirts of the town, into the small alleys in which the "piregaueri" and armored personnel carriers cannot roll, and there they use containers and overturned automobiles to set up barricades which are almost impossible to cross. The scenario probably foresees the group of policemen will disperse through various sections of the town, since after a certain time a few demonstrators appear in the center who try to win over the few older and ethnically safe "strollers"! As soon as one of the stronger police units withdraws to "regroup" and "preserve the environment in the city," the point which is freed of greater pressure and where the cordon of police is thinner goes into action again.

There is quite a bit of discussion in Kosovo these days about what is said to be the poor organization of the police! Mainly Serbs and Montenegrins, but they are not alone, criticize the guardians of law and order for their "behavior," their "tolerant attitude," and even for "covering up"! Nevertheless, it is quite certain that most of these criticisms have nothing to do with reality! For example, one of the main accusations has to do with the fact that it is far easier for the demonstrators from the outskirts of the city to approach from the direction of Pristina than from the center of Podujevo. However, one of the features of the tactics of the demonstrations, which have been brought to a fine point, is the assumption of daily demonstrations in Urosevac and Pristina, which are carried out at certain intervals, so that it is practically impossible to bring together any sizable group of members of the Secretariat for Internal Affairs that would concentrate on breaking up demonstrations in just one town. The situation is compounded by the fact that a sizable portion of the organizers of the demonstrations, who are already said here to have been "photographed," have "bases" at several places in the city, that is, hideouts, where they withdraw after "firing a round"!

In Urosevac, which at one time almost became Fadiljevo, the scenario is somewhat different! Here, the main "blow" tends to be just before 1400 hours, more precisely in the interval when the changeover from the first to the second shift is taking place in high schools and when the main street that stretches between the crowded bus station and the square where the church and the mosque stand beside one another, is like an anthill. About 15 minutes before 1400 hours, the streets suddenly empty, and from the side streets, in only about 30 seconds, small groups spring out which are led by young men who wear on their heads hoods with eye slits or mask themselves by simply pulling their sweaters over their heads. After shouting slogans briefly ("Azem, Azem," "Kosovo a Republic," "Death to Slobodan Milosevic," "Constitution and a Republic, Peacefully or by Force," and cheering for Adem Demaci), the demonstrators usually withdraw in the direction of the Nerodimski Put, where they spread out in several small groups to wait for dark and return to their homes.

In any case, the Serbian and Montenegrin population in Urosevac, which has been given a good scare, is living as though underground. The day nurseries and schools are ethnically pure, the "Serbian" coffeehouses are empty, groceries are purchased only in the very early morning, and the only safe place is still the Center of the Yugoslav People's Army! Unfortunately, even there the number of seats is limited! The slender and charming secretary in the Urosevac Opstina Committee of the League of Communists says that she goes from home to work and back home again! The only place she stopped off at until recently, the school where she took her eight-year-old, she now avoids, as, of course, does the little girl! "Believe me, I have even forgotten how to dance the Zikino kolo," she complains!

The attack on Vladan Milovanovic, who works here in the Medical Center and who was struck in the head with a hoe when he was trying to get his son out of the way of the unbridled demonstrators, has struck more fear than anything else in the Serbs and Montenegrins, with good reason! Milovanovic was taken to the hospital with serious injuries, but it seems that his neighbors and the eyewitnesses feel far more injured. That is, during this incident, to use the mildest word possible, in the immediate vicinity of Milovanovic and a group of demonstrators who immediately before had stoned several Serbian houses, there was a reinforced police patrol which not only looked calmly on the event, but even turned a deaf ear to the subsequent calls for aid from the people who had gathered around the injured man. The Serbs and Montenegrins have expressed their obvious dissatisfaction with the "promptness" of the forces of law and order by quickly forming nighttime sentries who patrol the neighborhoods and streets where the Serbian and Montenegrin population are in the majority! The patrols consist of three well-armed "sentries" who keep three-hour watches, and they patrol from twilight to daybreak. It is not recommended that anyone go into those sections at that hour whose name does not end in "ic" or anyone

who is wearing a blue uniform. These latter because of the unguarded statement of the chief of the Urosevac security center, who answered the question of a journalist: "Why did the police not intervene when the attack was made on Milovanovic" by saying that it was probably a case of "physical exhaustion of the police, who immediately before that had chased away a sizable group of demonstrators"! A diplomatic response, no question about it! Especially when we know that the population of Urosevac, if nowhere else, has exceedingly good reasons to be embittered by the behavior of the police! In March, during demonstrations which were literally bloody, one of the shift commanders of the Urosevac Secretariat for Internal Affairs frustrated the "specials" in apprehending and taking in demonstrators. Except for the beating which he got from his colleagues of Macedonian and Montenegrin origin, who "calmed down" both the crowd and the local police, the person in question received no other punishment! It is also a fact that a sizable portion of the police from these parts take off their helmet when they meet the demonstrators, which, according to the assertions of the well informed, "guarantees" that they will not take part in the "scattering"! The explanation might be quite simple: There are a number of their close relatives among the demonstrators!

Vranjevac Like the Bronx

In Pristina, quite understandably, the policemen do not suffer from the complex of tolerance or kinship. Particularly not the "specials" stationed on Vranjevac, a settlement, after the oriental model of a village, built in the immediate vicinity of two mosques, one of which is called Lab Mosque, and better known (notorious) because of the skirmishes in March and the bloody last day of the demonstrations. It is hard to believe that anyone knows not just the number of inhabitants, but the number of households or houses in this settlement which are darkened even in the daytime! The crowded one-story houses with small windows which more resemble loopholes than openings to look out on the world cannot be counted even from the air. It is even difficult to meet anyone in the little streets who has wandered by accident into this area, which the utility people have given up on long ago. It is difficult to get out of this ghetto (without passing a checkpoint), and it is impossible to pass through that darkness without "strength," that is, a well-armed escort. This was felt the most in recent days in Kosovo by forgetful bus drivers who did not "step on the gas" and reach Pristina "while it was still light." It is also well known to the rare motorists who by force of circumstance have had to pass through this part of Pristina at night, which is actually the only normal route if you are heading for Nis and Belgrade. Aside from abuse, the checking of papers, and "analysis," it seems that there have also been orders to extinguish "headlights" when passing through the ghetto! There have also been rumors that there have even been people dressed up in police uniforms, but all of that has remained in the domain of rumor!

One need stay in Pristina only one evening to see that the stories about its Beirutization are not naive at all! To be sure, the hints that there are no Serbs and Montenegrins on its streets are false, but it is quite certain that there are few or none of them in the evening hours! They withdraw into their houses or get as far away as they can from Marshal Tito Street, in which the "protest" of high school students lasted for several days running according to a well-written scenario. Things happen almost with the speed of the films: densely "inhabited" streets, the Pristina korzo, in just a few seconds become a stage on which one can experience not only dancing and singing, but also scuffles which do not spare even bystanders (nor even those with a professional interest)! A virtual concert of whistling (before 1800 hours) continues with the shouting of slogans, then there is tear gas and "use of billy clubs," a dash to the first alley or gate which is open, and then...peace. Until morning and the new demonstrations which have been announced. Sunday was an exception; after the game between "Pristina" and "Sloboda" several hundred fans passed in front of the Grand Hotel whistling and chanting "Pristina, Pristina," and then immediately after that the soccer slogans were replaced by those slogans which are under the greatest taboo, the ones that were the reason why the "specials" had to violate the "institution of the university," more accurately, to station themselves temporarily in the square in front of the dormitory.

Paradise for Restaurant Owners

Aside from that, the numerous journalists and the "more courageous" segment of the inhabitants of Pristina seek "asylum" in the restaurants which supply the local population of Gracanica and Kosovo Polje. The owners are not of Albanian nationality, and although their food is good, it is not cheap. The bars and restaurants in Pristina (which are overflowing) and the teahouses in which more foreign exchange and dinars are exchanged than is legal (if exchange is what it can be called), do not attract even those journalists who seek the news exclusively from "the other side"! Except for the mornings, when fellow journalists are commenting in the bar of the Grand Hotel on the argument about the influence of the counterrevolution on the revolution of prices in this "exclusive" hotel, even the Grand Hotel is empty. Except, of course, for sleeping and breakfast. Unfortunately, there are no "Swedish tables" so that everyone can have one to himself!

That is Pristina today, Kosovo in its essence!

Someone has called this the "frame for holding the trial" (those who are crazy say it was made to order), while others call it the consequence of a campaign waged by those who are being tried.

The fatasses in the armchairs, who write from memory, have an even more "technical" name for that....

But in Kosovo the billy clubs are coming down and BLOOD is being shed!

As is usually the case, the bill for the mistaken policy is being paid by the innocent! On both sides!

NON would be the last anyone would expect to explain WHY PEOPLE ARE DYING IN KOSOVO!

[Box, p 7]

Come Back To See Us....

On the initiative of the Rakovica Student Vacation Association and the veterans' organization of that opstina in Belgrade, on Saturday the Urosevac Opstina Committee of the Socialist Youth League organized a march to a nearby village. Stated more accurately, it tried to organize it!

That is, none of the numerous guests announced from Belgrade appeared at the appointed time and place. After a wait of nearly two hours, about 100 members of the youth organization from Urosevac, of mixed ethnic composition, set off on the route that had been foreseen. However, the police nearly intervened about half a kilometer from the "starting point." Only after consultations with the head of the Secretariat for Internal Affairs and responsible people from "all structures" did the young people of Urosevac set out on the March—in buses!

Zlatko Bozanic, secretary of the Urosevac Opstina Committee of the Socialist Youth League, cannot get over it, and he will demand an immediate explanation and justification of the failure to come on behalf of his organization.... From both the veterans and the student vacation association!

That same day, they fired tear gas in Urosevac, shop windows were smashed, and slogans were shouted!

So why is any explanation necessary!

Bishop on Possible Union of Catholic, Orthodox Churches

90EB0179B Zagreb DANAS in Serbo-Croatian
26 Dec 89 pp 27-29

[Interview with Monsignor Ciril Kos, bishop of Djakovo, by Luka Vincetic and Marinko Culic, at Djakovo, Yugoslavia: "A Prayer for the Politicians"; date not given]

[Text] Monsignor Ciril Kos was born in 1919 in Ribicbreg, near Ivanac. A man from the Zagorje, then, on the throne of Djakovo bishops; his people came to Slavonia and settled in Harkanovci near Valpovo. He was ordained in 1944 in Djakovo. Since 1974, he has been bishop of Djakovo, that is, bishop of the Djakovo and Srem Diocese, with more than 200 priests and nearly 200 parishes.

He is said to be a very communicative bishop. A man of the people you might say. He is the fourth of Strossmayer's successors (Krapac, Aksamovac, Bauerlein, and

Kos), but—in his own way, of course, he is the closest to Strossmayer's breadth. He is very cautious and full of respect in his dealings with the priests. Sometimes "temperamental" in his speech, but a profound concern for the church is hidden behind all of that. Exceptionally well-educated. He is prone to metaphors in his sermons. He is quite agile although he turned 70 this year.

Msgr. Ciril Kos is well-known as a churchman of above-average inclination to dialogue, ready to solve problems through discussion even when to many other people it seems that it is time for a drastic use of authority. His office in the Bishop's Palace in Djakovo is close to the room dedicated to the memory of Strossmayer, and that symbolic proximity is justified for two reasons: the present bishop of Djakovo is the legitimate "heir" of his great predecessor, but he is also a convinced perpetuator of his ecumenical doctrine, which carries the name of Strossmayer far from Djakovo and Croatia. Msgr. Kos received us without concealing that he is reluctant to give interviews and that he is giving this one "at the urging of his collaborators" and "on the occasion of the anniversary year of our city and diocese." I know, he adds, that many people read DANAS with a "magnifying glass" and that there are many "exegetes and commentators," but I hope that there will be no need for that in this interview.

DANAS: Djakovo and its diocese are celebrating their 750th anniversary this year. That is, in 1239 the Croatian duke Koloman presented to the Bosnian bishops from Brdo (near the present Sarajevo) the estate of Dyaco and Blezna (the present Djakovo), and Djakovo has existed since that time. How correct is it, then, for Djakovo to be called the "city of bishops"?

Kos: We call the eternal city of Rome the "city of popes," and therefore any town that is the seat of a bishop can be called a "city of bishops." But in Djakovo's case there probably is yet another reason for that. It certainly existed even before the gift from Duke Koloman which you mentioned; what is more, it had to be the largest town in the Djakovo region of that time, which then was far more extensive than today. Nevertheless, it was unknown until the arrival of the Bosnian bishop Ponce. The bishops quickly built in it, even in the 14th century, a palace, cathedral, and fortifications (Castrum Dyaco), and along with them, came the Bosnian Stolni Kaptol and soon the Franciscans. All of this presupposes that there is a locus credibilis and that it has its first school. The trading point civitas Dyaco developed north of here; it also emerged only with the bishops, so that through the entire Middle Ages we know of Djakovo only what we know about the bishops, the Kaptol, the Franciscans, and the diocesan landholdings. After liberation from the Turks, the bishops restored Djakovo, they restored the nearby villages and encouraged development of new ones, they opened schools, they built a pharmacy, roads...but still it is with Strossmayer that Djakovo really took on the features of a city that was the seat of a bishop, Strossmayer's Djakovo.

DANAS: Djakovo is frequently identified with Strossmayer. Yet wasn't Strossmayer only the "supreme product" of this diocese in a history that already had a wealth of "famous bishops"?

Kos: Djakovo today is inseparably bound up with Strossmayer, both here in Yugoslavia and in the world. But you have put it well, he was actually the "supreme product," I would say the "sum total," of his predecessors. With its Bosnian tradition and its rich legacy of Sirmium (Srem), Djakovo was for Strossmayer an inexhaustible source of inspiration; the Bosnian-Djakovo and Srem Dioceses had great influence on formation of his spiritual stature and maturity, and he proudly bore the title of the "Bosnian" bishop. At the same time, he was also proud of the church of the old and famous Sirmium, the richest church community of Christianity in the early centuries in this region of ours, and he was particularly inspired by the work of Saint Methodius, who bore the title of the "archbishop of Sirmium."

It was that fact that led our Conference of Bishops to choose Djakovo for celebration of the 1100th anniversary of the death of Saint Methodius (885), when Cardinal Casaroli, secretary of state of the Holy Father, was also here and when the Holy Father himself wrote the wonderful encyclical about the "Slavic Apostles," which was printed in Croatian. To be brief, Strossmayer had no intention of flying higher than his predecessors (Krtica, Mandic, Raffay, Sucic, Kukovic...), but he included them in his work, unrestrainedly acknowledging to his collaborators on one occasion that they deserved the credit for "more than half" of his work.

DANAS: To what extent was the permanent removal of the Bosnian bishops to Djakovo a kind of historical turn of events important to a knowledge of the history of Slavonia? It is well known, that is, that after the Turkish conquests, which following the battle of Mohacs in 1526 and also set in motion the expansion of the Serbian Orthodox Church into this area, the bishops of Djakovo, who since 1773 have also been bishops of Bosnia and Srem, began to be tied to Zagreb, which more and more became the cultural and ethnic center for Croats...

Kos: I think that history confirms that. Slavonia and Srem were first under Hungarian jurisdiction, but when the Bosnian bishops came to Djakovo, which after the gift had complete spiritual independence, they began to build a new diocese in this region, which previously had been the Pecs region. More and more these bishops tended to be sons of Croatia from various Croatian areas, and they thus maintained and awakened a Croatian spirit. In 1773, by decision of the court in Vienna and the Holy See, the poor Diocese of Srem was merged with the rich and well-arranged Diocese of Bosnia and Djakovo, and that large new diocese turned more and more to the West, to Zagreb. And when the Croatian church became independent in 1852, separate from the Hungarian church, Djakovo with its united dioceses became a part of the Zagreb Archdiocese—the church in Croatia. It is no wonder, then, that Cardinal

Franjo Kuharic should have said during the central liturgical service during the Djakovo anniversary celebration: "Had there been no gift, it is a question whether today we would be able to say that this is Croatia." What is more, I would add that Djakovo and its bishops made a great contribution to Zagreb's becoming what it is today.

DANAS: Many people today do not fully understand how a single diocese stretches from Croatia onto the territory of Vojvodina, that is, into SR [Socialist Republic] Serbia. Especially when that fact is viewed through the politicized spectacles of day-to-day politics at the present time. There is less comment about the fact that in Srem there were considerably more Catholics before World War II than today. Recently, reading the Serbian Orthodox historian Gruic, we happened upon the datum that in 1920 in Vojvodina there were the same number of Orthodox as in Slavonia, that is, one-third. The situation today is far from that.

Kos: As for questions about the borders of the Catholic dioceses, this is obviously an expression of this time in which everything is questioned, disputed, or mistrustingly put on new foundations. We have already heard that the eastern borders of our diocese are the remnants of the so-called Independent State of Croatia, and just the other day we heard the "voice from the people" about the need to alter the borders of our diocese. I have already said that in 1773 the Diocese of Srem was joined to the Diocese of Croatia-Slavonia and Djakovo, and that they all became part of the Zagreb Archdiocese within the Croatian church, that had become independent. That is the way it is today, and I would say that there are no spiritual nor pastoral reasons why it should not stay that way tomorrow. Why should it be strange for Croats (and Catholic believers of other nationalities) to be an integral part of their Croatian church, just as the Orthodox Serbs in Srem, Slavonia, and Dalmatia, incidentally, are part of the Serbian Orthodox Church, headed by the patriarch in Belgrade? Even Orthodox believers in Hungary, and indeed even in the United States and in Australia, belong to it canonically. Likewise, the Krizevci Episcopate, centered in Zagreb, "covers" the entire territory of Yugoslavia. The church and church organization rise above political situations and borders, especially within one and the same state. Why would the church have to follow the political-administrative divisions within a state? The church is a community of believers of the Catholic Church of every nationality coming together in a common national church. The church is not bothered in the least by the borders of the Autonomous Province of Vojvodina or any other republic. It is true that the Catholic believers within our diocese are mostly Croats, but the church does not recognize differences between "Greeks and barbarians, slaves and freemen."

As for the number of Catholics in AP Vojvodina, it is true that there are considerably fewer of them in some places than before, and at that time there were large church structures which are difficult to maintain now. In

Zemun, a church has even been demolished, although it came out of the war undamaged. They called it a "German" church, and that is the reason for demolishing it. We even have in that region several valuable cultural monuments, and I would not say that they are being given the same "protective care" as others are. Before the war, there were a fair number of Germans in that area who belonged to the Catholic faith. Near the end of the war they were moved out by force, and the postwar colonization brought mostly Orthodox Serbs from areas devastated by the war. Even today we are actually a minority, and we can refer to a major portion of that area as a diaspora. But at the same time, this is a region and a true school of sincere ecumenism, of fraternal dialogue, and of life in community with one another.

DANAS: Let us go back to the best-known bishop of Djakovo with a question that is a bit provocative for the Catholic Church today. Namely, one sometimes gets the impression that the Church of the Croats, as people like to call it, does not have a particular affinity for Strossmayer and his ideas. How much truth is there in that? And if there is any, how much is that due to a certain "collapse" of the ideas of ecumenism and Yugoslavism, which is why one then gets the impression that the church ought not to be supporting such "utopists," which certainly would not be good?

Kos: I must warn you that impressions are sometimes misleading. But I do agree that there still does exist some mistrust. The "lack of affinity" for Strossmayer comes, it seems to me, from several facts. First of all, we are not familiar enough with him. And then his posture in the First Vatican Council has not been objectively evaluated until quite recently. What is more, his political visions as a man of the people, which were the opposite of the visions of members of the Party of the Right, have to this very day been a reason for some people to respect him and others to dispute him. You know that Strossmayer drew the conclusion from those visions that the Croatian church had a special mission in the Slavic south and among the Slavs, although he himself felt the bitterness of Yugoslavism and of the unity of the church. It is well-known that the Masons adopted him as their own, that all opponents of the Catholic Church have continued to do that right up to the present sectarians. But he was the greatest opponent of the Masons, just as he was the greatest fighter for the rights of the Catholic Church and an opponent of every heresy. Anyone who even takes a glimpse of his work will see this for himself.

I see Strossmayer today in precisely that light, through his work, and I feel that ecumenism is even today Christ's commandment and the obligation of every bishop and believer. *Spes contra spem* is to be praised, and love for one's brothers—specifically toward the Slavs—is also the divine commandment and our obligation. How this is to be done in real life is a question to which there are a great many answers according to each man's mind, heart, and conscience. United Europe, which is being talked about so much today, is close to his

idea, and for that reason this time of a pluralism of ideas, parties, and solutions, could and must also have its Strossmayer. One thing is clear, Strossmayer should be viewed today in the context of the entire book of his life, rather than pulling pages from it or indeed just sentences according to one's taste. Just look at the references and indeed even insults which have followed him, and it will be clear to you: A "Yugoslav," although he was most influential in Zagreb, an "opponent of the pope," even though he was an intimate friend of Pius IX and Leo XIII, and "opponent of the dogma of the pope's infallibility," yet he dedicated his cathedral to Saint Peter, who was the first in the apostolic line.

DANAS: How will Djakovo repay its most famous bishop? There were plans to open a memorial museum, but this has not been done to this day. Will the occasion of the 175th anniversary of his birth, which falls this year, be used for that purpose, and will some selection of his writings be published, since it is well known that he was also an excellent theologian, which he set forth in various papers, for example, in Lenten circular letters and elsewhere?

Kos: It is always easier, you know, to have fond wishes than to bring them about. Unforeseen difficulties arose with the opening of the memorial museum, since places had to be found for the tenants who were in the curial building, plans had to be drawn up for renovation and adaptation, and so on. The restoration work is now under way, and I hope that we will complete the work on time and open the museum. With that, we will finally repay our debt to the memory of Strossmayer, although I hardly dare to recall that the neighboring village of Vrpolje has already gone ahead of us; it has a small, but worthwhile gallery of the work of Ivan Mestrovic, who never lived here, but who was merely born here as the child of poor parents doing seasonal farm labor in Slavonia.

As for the 175th anniversary of Strossmayer's birth (he was born in Osijek on 4 February 1815), Osijek University is preparing, as far as I know, a scholarly meeting devoted to his work under the sponsorship of the Yugoslav Academy of Sciences and Arts. In addition, work has been going on for more than a year to prepare unpublished material from Strossmayer's correspondents, an effort in which two professors from our own seminary have been involved.

DANAS: Let us return for a bit to ecumenism, which in Strossmayer's time was something different from what it is today, since at that time they were still talking about "unification of the churches," but which, regardless of the objective differences, was both more perceptible and more sincere than today. What is more, in this time of ours we seem to be passing through the death agony of the ecumenical idea, and this seems to have been reflected in the celebration of the 750th anniversary of Djakovo and its diocese. It is interesting that this was

also noted by Dr. Marko Spanovic, prorector for theology in Sremski Karlovci and representative of Archbishop Vasilije, who during lunch in the Hotel "Djakovo" said that "he expressed regret that the Serbian Orthodox Church was not better represented at that celebration."

Kos: It is true that one of the essential features of Strossmayer's idea was the unification of churches, in particular the Slavic Orthodox Church with the Catholic Church. For him, the struggle of the Slavs for a true place among European Christian people was in fact decisively bound up with their unification with the Catholic Church. He felt that the Slavs would find their true place only when they found themselves in one church. He saw that church with the eyes of the Slavic apostles Saints Ciril and Methodius, and that is why he constantly insists that Slavs should be bound together by the legacy of Ciril and Methodius. Which means: develop your Slavic identity and be a Christian in the one Church of Christ. Here his ecumenism is directed toward the Slavic portion of Orthodoxy, and he was less interested in the other Orthodox churches, while toward Protestants he nurtured a feeling of respect, but he saw no possibility of unification, since he saw their church as heresy.

It is true, then, that Strossmayer expressed himself in the theological language of his time, but I feel that his efforts are altogether in keeping with the doctrine of the Second Vatican Council, and the Church is studying and living its "decree on ecumenism" even today. Regardless of the successes and failures in that respect, we all preach that it is Christ's desire and commandment: love one another, and it is Christ's prayer to the Father: that all be one. The Catholic Church has shown a great deal of goodwill and has been harboring many fond hopes, from the first appeal to both churches from the Second Vatican Council: *Ambulante i dilectione*, Walk in love. The greatest impediments here are neither of a theological nor an ecclesiastical nature, but lie in the experiences of the past, in the historical wounds inflicted in the divisions of the "blood brothers."

This is an occasion, then, for me to express my gratitude for every example and for every event which removes that legacy, and especially for expressions of love which come from His Holiness Patriarch German to the last parish priest of the Serbian Orthodox Church. I must say that in the area of the Djakovo and Srem Diocese the Orthodox Church has just as many parishes as the Catholic Church and that this region of ours is truly a fertile soil for ecumenical work, for life in Christ's love. All the more reason we should regret that neither of the two churches—the Orthodox and the Catholic—has a shrine in New Belgrade, which is the political center of all of Yugoslavia, and certainly that is harmful to the city itself, in which there is no place for Christ, at least for the present. And there should be, if not the house in Nazareth, at least the stable in Bethlehem.

As for the participation of the Orthodox Church in our city's commemoration, I might say that I am firmly

convinced that the archbishops who were invited were unable to come, and our city gratefully received the delegates who were sent, since they represented the archbishops of our sister church, and I feel that the greetings that were sent were fraternal and sincere.

DANAS: You also spoke at that same commemoration in Djakovo, and we quote from memory: It is not only my duty, but also my honor to greet the representatives of social, political, and public institutions...who responded to the commemoration in Djakovo. So, you maintain good relations with the "state"?

Kos: You did well to put the word "state" in quotation marks. Since the definition of the state is very broad. When it comes to the general good, the cultural legacy, the values of the people and the church, I always welcome cooperation and am gladdened by it. I am really glad that we came together—the highest cultural institution, the social community, and the church—in marking that great university of little Djakovo. I think that Djakovo as a diocesan city deserved it, and on this occasion I expressed satisfaction and gratitude on behalf of the "diocesan city" and the entire diocese. I am only sorry that a suitable postage stamp was not issued, nor even a special canceling stamp. I proposed this several times, but my proposal was not honored, although I have seen many postage stamps issued in commemoration of much smaller anniversaries.

DANAS: What does that cooperation look like in the "field," in the parishes and villages. Does one feel there that that cooperation is on a "high level"?

Kos: In general, everything is changing for the better, but the situation differs quite a bit from place to place, from city to city. We all know how it was in the beginning, how it has all developed, and approximately where we are today. It is a good thing that love forgets and forgives and that only hatred does not forget and seeks revenge. In every meeting with responsible people in politics, I emphasize that the church is one body—we say the "sacramental Body of Christ"—and that all believers are members of that body, not just the bishops. Accordingly, the "head" cannot be indifferent if even the "little finger" is in pain. You know that the declarations are clear, although rather scant, especially those in the Law on the Public Status of Religious Communities. For a long time, that law has resembled a Berlin wall or fields enclosed by "barbed wire," when every time we attempted to go out among the people we were accused

of getting into "politics," and everything which preserved that field was praised and rewarded. There were cases when things happened that boggled the mind, whether it be in Sremska Mitrovica, in Subotica, in Nard (Valpovo), in Vukovo, and some years even here in our own Djakovo. There have, of course, been places which have shown more feeling for the freedoms of the church and for human rights, where relations have been tolerable or even very good. Nevertheless, until relatively recently we had to wait for even quite tangible signs of goodwill, such as, for example, this year's enactment of the law which in SR Croatia puts the status of postsecondary and secondary students of religious schools on a par with other young students.

DANAS: You are known as a man for contacts and dialogue. Is that a compliment or an embarrassing "description" in this radical atmosphere of ours? Right now, the Church of All Saints in Djakovo, which previously was the Ibrahim Pasha Mosque, is opening with all its architectural peculiarity. It seems that this also is indicative of your openness to dialogue.

Kos: The word circulating about me does not "embarrass" me in the least; on the contrary, I want to continue to confirm it. This is an authentic human and Christian value, a desire to shed the light of the doctrine of the Gospel and all the essential problems of man and humanity and at the same time not only speak to others, but also listen to them and learn from them. Sincerely and with full trust. Otherwise, this would only be in the manner of "good behavior" or even pretense, and there is no great benefit from that, if there is any at all.

As for the mosque in Djakovo, the bishops of this city knew of its artistic value and therefore preserved it, although it has been adapted on several occasions. Why not show all its beauty and the architectural changes it has gone through? The church always believed that the beautiful and the artistic lead to God. What is more, this renovated mosque-church will be both a witness of our rich and painful history, but also a testament to peace and brotherhood among people. It will be a unique example of the ennoblement and penetration of architecture and spirit, and this will not be confined to the soil of Croatia. It will in any case be the pride of the diocesan city of Djakovo.

If you have no more questions for me, I would also like to use this occasion in conclusion to wish the entire Catholic public and every family separately that Christ—our Christmas!—fill them with his peace, mercy, and joy. I also wish all men of goodwill a Happy New Year.

GERMAN DEMOCRATIC REPUBLIC

Arms Trading Discussed in Popular Press

90EG0131A East Berlin HORIZONT in German
Vol 23 No 1, Jan 90 (signed to press 8 Jan 90) p 31

[Article by Klaus-Dieter Stefan containing interview with Major General Joachim Goldbach on 22 December 1989 at his home in Strausberg-North, east of Berlin: "Hot Potato: The GDR's Arms Trade With Foreign Countries"]

[Text] Among the themes taken up by the media in recent weeks is the GDR's trade in arms. There have been sensational features on arms exports lacking all substantiation. At the same time, the public has a right to be fully informed about this area of our republic's foreign relations, since openness with regard to state affairs is a part of democratic renewal.

We are concerned with facts when we approach this explosive subject here; we are concerned with clarity about what happened in the past in terms of the arms trade and what is pure fabrication. It is also necessary to look at whether there has been a violation of the fundamental principles of a socialist state, of the norms of international law, or of morals.

To state our intent at the very outset, this is an initial stock taking of the situation, which will be followed by other reports as soon as concrete information is available.

On 12 December 1989, I set out for Ingenieur-Technischer Aussenhandel (ITA) in Berlin-Pankow. Hiding behind this harmless name is an enterprise that buys and exports armaments. Its acting manager at the time of our interview, Horst Berg, declared his willingness to talk to us about the GDR arms trade—but only after prior consultations. He demonstrated an interest in finally exercising openness in matters of arms transfers. Just days before, Berg's enterprise had been briefly occupied by New Forum and turned into the site of judicial inquiries into which we did not want to intervene. However, since there are no international (aside from the UN arms embargo against the Republic of South Africa) or national agreements or laws prohibiting the arms trade and the GDR Constitution establishes no obstacles to such transactions, it is all the more necessary that the public of our country at least gain knowledge of previous activities.

Unfortunately, there were no facts, details, or background information made available to us during our visit to the scene of the crime at ITA. It was only confirmed that the GDR supplied certain military equipment to countries like Vietnam, the KDVR [expansion unknown], Ethiopia, Iraq, India, Cuba, and others; the range of "arms exports," as it turns out, was extremely varied. It extended from technology relating to intelligence, motor vehicles, engineering, radio, and measurement taking all the way to field messes, field hospitals,

submachine guns, hand grenades, mines, and small-caliber ammunition. Areas in crisis would not have been on the supply list, nor would South Africa or Israel, according to Horst Berg of ITA.

Berg says that he is not authorized to provide more detailed information on the amount and types of weapons, recipients, contractual foundations, etc. All of this supposedly remains a state secret. He refers us to the authority immediately above him, the current Ministry for Foreign Trade of the GDR, the site of our next interview.

Not far from the Brandenburg Gate, on the Boulevard Unter den Linden, is the former Foreign Trade Ministry, now the Ministry for Foreign Trade of the GDR. On 14 December 1989, I have an appointment with Hans-Ulrich Metzler, the deputy minister and state authority in charge of the arms trade. The deputy minister, taking a friendly approach towards us, expresses great interest in cooperating, far from the sensation mongers, in a truthful disclosure to a broad public of GDR arms deals, as well as deliveries within the framework of solidarity disbursements. Unfortunately, he says, he cannot yet provide me with information; this subject is on the Modrow coalition government's agenda for early 1990.

My investigation then leads me to Maj. Gen. Joachim Goldbach, deputy minister for national defense and chief of the Technology and Weaponry Main Administration, who receives me on 22 December 1989 at his home in Strausberg-North, east of Berlin.

[HORIZONT] What is your assessment of the fact that the GDR was involved in the international arms trade?

[Goldbach] From the present-day point of view, there were certainly several questionable moments. The actual problem is an unnecessary and stupid secretiveness that was pursued in the past. From the very outset to the present day, the National People's Army [NVA] got the bulk (over 90 percent) of its weapons from socialist states, primarily Warsaw Pact countries; GDR industry itself produced part of the weaponry under Soviet license—for example, submachine guns, light machine guns, panzerfausts, hand grenades, antitank missiles. This also includes the construction of military ships.

Now, every weapon has only a certain working life. It is subject to moral and technical wear and tear, and is then phased out. Economic factors apply here which affect the NVA, since based on a resolution by the former Council of Ministers a list of supply possibilities for discarded weapons and arms was drawn up by us. The people involved in foreign trade then attempted, on the basis of this list, to sell this outdated weaponry somewhere. Because of the age of the weaponry and its very low standards, this happened relatively rarely. Then there were deliveries to Vietnam, Cambodia, and Egypt, to whom weapons and ammunition were provided free of charge for reasons of solidarity. But that was a long time ago.

Due to the small volume, the GDR is not even included on lists of the international arms trade for the 1980's. Naturally, our country sold weapons from our own production abroad, after our own needs were met. We regarded this as a completely normal matter, because all the countries around us are involved in this business to a much greater extent. After all, to this day there are no laws on the books prohibiting this activity. The income from the arms trade was needed by the GDR. The Army itself was not involved in the transactions. We had nothing to do with the foreign currency revenues.

[HORIZONT] You have already intimated that the GDR arms trade appears extremely modest in comparison with other countries. In the SIPRI [Stockholm International Peace Research Institute] annual reports as well, which use official data and not estimates, the GDR does not show up among the big suppliers, not even among the top 15 arms-exporting states, since up to now it has yet to disclose any of the relevant data. How do you assess the moral side of this issue?

[Goldbach] There are armies in nearly all the countries on this earth, which must be armed; not all of them have an inherently aggressive character, but are for the most part factors for stability in their regions, which need weapons. And if they do not produce them on their own, then they buy them wherever they can be bought most easily and under the most favorable conditions. This too is not extraordinary in today's world. Still, it is a very questionable matter—in moral terms—if, for example, weapons have been supplied to crisis areas.

[HORIZONT] The GDR has predominantly engaged in arms deals with Warsaw Pact states. To what extent?

[Goldbach] We were forced to do this for purely economic reasons, because we on the one hand had to import a great deal, tanks, aircraft, etc. On the other hand, we attempted, through acquiring licenses and producing under those terms, to supply weapons in turn to socialist countries as compensation. This covers at least 90 percent of everything that was produced here and exported in this area, excluding outdated weaponry, of course.

[HORIZONT] Where did the remaining 10 or so percent of GDR arms exports go? And who determined this—the minister for foreign trade, the defense minister, the former Politburo, or who?

[Goldbach] I cannot say where the concrete decisions were made in individual cases. There was generally some sort of agreement concluded with the individual countries. The Army has nothing to do with that, since it transpired from the enterprises themselves; we were out of the loop. We know neither the quantities, nor did we have any other type of influence.

[HORIZONT] But how did it happen in the case of Ethiopia?

[Goldbach] That involved outdated weaponry. That was a rather sudden decision. We were not at all prepared for it. We had already supplied Ethiopia in the past, at no cost, e.g., workshops and other things, we also trained people, specialists for restoring tank technology, etc. And when Horst Kohlus, then a member of the SED [Socialist Unity Party of Germany] Politburo, returned from a trip to Ethiopia, it was determined that the equipment for a tank battalion should be delivered to Ethiopia. Subsequently, in mid-May 1989, during the visit by Mengistu Haile Mariam to the GDR, we received instructions from then-National Defense Council Chairman Erich Honecker to make a total of 200 tanks available to Ethiopia. Up until the latest halt on deliveries, that African country received 152 outdated tanks from us.

[HORIZONT] Can you provide generally detailed information on the type, extent, and destinations of GDR arms exports?

[Goldbach] As far as arms exports to nonsocialist countries are concerned, I can only talk about that which was directly issued by us with a destination load. I must confirm here that Iraq too has been supplied in past years. I am not currently able to say exactly what was sent. Iraq previously bought many trucks from us; I don't know whether there were any weapons. But the NVA provided maintenance services for Iraq, at radar stations, for example.

After the end of the Gulf War, an Iranian delegation visited the GDR, and during a visit to the minister for national defense they asked us to supply them with MiG-21 airplanes. There were then negotiations between the then-Division for Commercial Coordination of the GDR Ministry for Foreign Trade (KoKo) and Iranian representatives. We were only involved in the request, and since we were in fact phasing out airplanes, this wish was granted. The airplanes were then released from the inventory of our Air Force and sent to the airplane hangar to be prepared for export. Training was also conducted.

[HORIZONT] Thus, the Ministry for National Defense did not conclude any agreements with foreign countries concerning arms deals....

[Goldbach] No. The Army was not directly involved in any arms deals.

[HORIZONT] Do you see a need, similar to that in other countries, to introduce national legislation on arms trade in this country as well?

[Goldbach] Such a law must be created. As far as the future of arms exports and imports is concerned, the following must be said: As long as the Army remains a factor of stability, it must also be armed. And weapons must be acquired. The GDR is able to produce high-quality small arms, antitank weapons, which do not contradict our military doctrine.

Compared to other armies and to the potential capacity for automated production of armaments, the NVA is small, and its corresponding needs can be met relatively quickly. This means that there are surplus capacities there, so that the GDR faces the question of either destroying its own capacities and then buying the same weapons abroad, or continuing this production and continuing to export certain portions. Add to this the fact that in the Warsaw Treaty the GDR undertook obligations which it cannot simply abandon; that process would have to be a gradual one. I believe that there is an urgent need for a law establishing limits on the production of weapons and trade in them, and I am also in favor of democratic control mechanisms in our country in this area. [End of interview]

On 27 December 1989, I am once again in contact with Deputy Minister for Foreign Trade Hans-Ulrich Metzler, this time by telephone. I should please bear with him, he says; there is still no government position on the production, import, and export of weapons "made in GDR." I would be notified. That notification arrives on 2 January. Deputy Minister Metzler calls the editorial office. "Happy New Year!" Our prospects for journalistic results in the matter are good...

Many questions remain—on the activities of ITA and of IMES [expansion unknown] in the Division for Commercial Coordination headed by Schalck-Golodkowski, future legal provisions on arms trading, on the interaction between military and civilian bodies in arms deals, etc. However, one thing should be beyond doubt in the future: The existence of surplus capacities, should there be any, cannot be the critical starting point for the question concerning whether arms exports (outside the Warsaw Pact) are permissible.

A further dismantling of the lack of openness—this should be a pansocietal objective with this "hot potato," even in the GDR's small role as armorer.

POLAND

Prospects of Leasing Military Property to Civilians Viewed

90EP0286A Warsaw ZOLNIERZ WOLNOSCI in Polish 29 Dec 89-1 Jan 90 p 7

[Article by (tp): "A Rush on Military Property"]

[Text] Lately an avalanche of requests have been forwarded to the Ministry of National Defense by many

institutions, units of the socialized economy, associations, social committees, higher schools and secondary schools to use property being released or vacated by the military. To do this, the military must initiate many formal actions (obtaining opinions, agreements, information and the like).

Such an operating procedure is not in accord with accepted legal practice. Transferring property to the national economy should be in accordance with the regulations of the law on administrating land and expropriating property of 29 April 1985 (uniform text of 1980, DZIENNIK USTAW, No. 14, Item 74). According to this law, properties are taken over by an organ of a regional state administration who determines their further use.

The military, as established by practices of many years, never held onto property that turned out to be superfluous with regard to training processes or ensuring suitable living conditions for the military.

Obviously, restructuring the armed forces means that the reformed military units would release some buildings and land. The property obtained in this manner, especially vacated barracks, are to be used above all to improve housing for basic military service soldiers.

This is dictated by the fact that housing for many military units is below established sanitary standards, namely 2.5 square meters per soldier in military quarters. Though at times the released properties are depleted and nonfunctional, because of a lack of funds that prevents the construction of new buildings, they offer the only opportunity to improve military living conditions.

Some military buildings and land, in conformity to realized structural and organizational changes, at times become superfluous for military needs. After a specified time lapse, the plan is to use them to achieve national defense goals.

Such property is either rented or leased to units of the socialized economy, to a natural person or to a legal entity. Funds obtained from such transactions are used mainly to maintain the property in its present condition. To improve the procedures for concluding rental (leasing) contracts, the right to conclude such contracts was transferred directly to military unit commanders.

When a property is designated as superfluous for the military, it is transferred to the national economy. Such transfers are made immediately by the military organ because the military are not interested in managing them any further so that it will not be necessary to allocate funds for their maintenance.

GERMAN DEMOCRATIC REPUBLIC

FRG Weekly Examines Metal Combine Decline

90EG0159A Hamburg DER SPIEGEL in German
Vol 44 No 6, 5 Feb 90 pp 125-131

[Article by SPIEGEL editor Hartmut Volz: "Billions Were Frittered Away"]

[Text] Late at night the light was still burning brightly in the office of the general manager. "The old man is hard at work again," the watchman of the late shift says [in broad dialect], "but that will hardly help at this point."

Henning Rost, 48, has been the head of the "Wilhelm Pieck" state-owned Mansfeld-combine in Eisleben at the edge of the Harz Mountains for only two months. Emerged in old files and new planning figures, the chief sits in the firm's dark headquarters even on weekends.

What the East-Berlin Ministry for Heavy Industry offered comrade Rost toward the end of November was actually a socialist's dream job. Until recently, the nationalized metal concern, with its 47,000 employees, mines, rolling mills, and manufacturing plants, was viewed in the capital as an exemplary model of the SED's [Socialist Unity Party of Germany] farsighted planned economy.

Dozens of Mansfeld plants annually produce tens of thousands of tons of all kinds of metal, from aluminum to zinc, for GDR's domestic needs and for export. New plants manufacture a whole range of products from crown corks for beer bottles to drills for home use. The huge combine even tried its hand at computer production.

The government party nurtured and celebrated the combine in Eisleben, where the reformer Martin Luther was born and died, as a bulwark of socialist reconstruction. Here, allegedly, one worked even harder and more successfully than anywhere else in the second German state. In fact, workers here received more pay for meeting their plan quotas than at many other state enterprises.

The nice pay is about to come to an end. Rost, who until his appointment as general manager of the combine, was primarily responsible for Mansfeld's copper production, is supposed to steer the colossal enterprise toward a market economy.

Until recently the SED could treat the enterprise as if it owned it, but in early January it definitely had to vacate its Mansfeld headquarters, which directly adjoined the management offices at the Eisleben market. By now most of the 70 comrades are learning all about copper production at blast furnaces and at the rolls of rolling mills in nearby Hettstedt.

They are very welcome there. At the beginning of the year about 200 amnestied convicts were allowed to leave their place of forced labor to go home. Now the old party friends are providing relief.

At the combine itself there is nothing left to do for the disintegrating party. Seven of 10 members in Mansfeld enterprises have since left the SED. Politics is now made by others.

Even the once almighty SED planners at the Ministry for Heavy Industry are hardly heard from. "When I assumed office," comments Rost, "it was explained to me that as a socialist industrialist I could and should in the future act on my own initiative."

However, the general manager is not at all sure what to do with his newly acquired freedom. In any case, such concepts as profits and losses are new to the professional mining engineer; until now he did not have to concern himself with minimizing costs and maximizing profits. Formerly, he was only interested in proper metal production—the party worried about finances.

When, toward the end of December, visitors from the West asked the Mansfeld executive, who so far has been reluctant to give up his party card, about the net yield of the state enterprise, Rost first had to phone his colleague, the chief accountant. At that time the figures impressed the new chief. The accountant said to him "M 1.1 billion profit with a turnover of M 13.7 billion—that's not bad, or is it?"

Yes, that would even have been excellent if the figures had been correct. However, socialist accounting practices were totally unrelated to actual plant operations.

Rost has since become aware of the miserable state of affairs he inherited. "To be honest," the new manager comments, "my training has not equipped me for what I have to do."

This had probably also been true for his predecessors. However, not one of the recent leading comrades of the Mansfeld combine is still in office; the revolution has dismissed the culprits.

In mid-November the former manager, Bernd Reichmann, 50, had to resign his position under pressure from the Ministry for Heavy Industry because he had demonstratively resigned his party membership. At that time the SED still imagined itself to be strong. As punishment Reichmann was demoted to project planning engineer at the subsidiary Thale iron and steel works in the Harz Mountains and his salary was reduced from M 3,500 (general manager) to M 930 (engineer without authority).

Shortly thereafter the powerful SED kreis [district] secretary, Joachim Wehage, left town. Wehage, who had acted like a chairman of the board of the state enterprise, became caught up in the revolutionary whirlpool which swept the disciplined SED politician away. The former Mansfeld commander is today a member of the bezirk [regional] administration of Halle.

At the beginning of January Otto Hahn also gave up. For a long time he had been chairman of the Mansfeld Mining and Energy Union and, as the ranking Free German Labor Union Federation official, the third member of the huge combine's leadership trio. The trade unionist believed in the party's omnipotence to the very end and agitated against the enemy of the working class. Said Hahn: "Last November I looked at Western TV for the first time in my life."

Now the learned miner, who succeeded in obtaining a Ph.D. by an alternate route, is plagued by conscience and feels guilty. Hahn, as do many other SED members, makes his obligatory confession: "To be truthful, we knew all along what went wrong but we lied to and deceived our colleagues." He "understands" why he is being "denounced as a scoundrel on the street."

The mood in the Mansfeld enterprises is tense. Only gradually do people realize how insecure their guaranteed jobs have become. Economic laws have been set aside for too long.

"When the tough market economy arrives here," said a miner at the Thomas- Muenzer shaft in Sangerhausen near Eisleben, "we are finished; mass unemployment will then ensue."

Market economy is already coming, if only gradually. Toward the end of last year the totally obsolete "Fritz Beyling" copper and silver works in Hettstedt were closed down—for environmental reasons emphasized Heavy Industry Minister Kurt Singhuber on a visit from Berlin.

Socialist employment procurement still works. The 130 mill workers easily found another job at the adjacent rolling mill which has an urgent need for workers.

However, the next closings have already been decided and it will then no longer be easy to find other jobs. The Ilsenburg works will be closed down toward the middle of the year; environmental pollution could no longer be kept secret. The soil in and near Ilsenburg is poisoned by heavy metals. But that is not the only reason for the pending demise of the old mill. More important is the fact that each job requires an annual subsidy of M 100,000. It would be cheaper to grant employees early retirement at full pay. To quote SED Minister Singhuber, an old-time planner and executor of SED industrial policies, "that is something we cannot afford in future."

The previous accounting practices are documented with true German thoroughness in the confidential files of the combine. Gaining one ton of pure copper from domestic mines costs an average of M 105,600. However, the precious metal was sold to the metallurgical-trade department of GDR's state-owned foreign and domestic trade organization in East Berlin at a fixed price of M 12,300.

These two figures illustrate better than many expensive studies why the GDR economy is at a dead end.

The official deficit of M 93,300 per ton was properly charged to the responsible Singhuber ministry. The requested subsidy had already included a surcharge of eight percent or M 8,448 over production costs. The combine transferred this amount to Berlin as a planned profit.

Thus, with the help of such accounting tricks, deficits never had to be revealed. This is how an economy flourished without demand and cost-oriented profitability accounting.

Truly profitable business transactions of the Mansfeld mining firm were made a long time ago. In the Middle Ages the Counts von Mansfeld made good profits from the mines. Centuries later, when capitalism also flourished in Germany, Mansfeld AG shareholders received sizable dividends. Only the miners got lousy wages for their drudgery.

However, at the latest in the sixties, the now state-owned mines in the Eisleben sector were exhausted. The metal content of the mined copper schist had diminished dramatically and mining became ever more expensive.

But the leaders of workers and peasants did not want to be the grave diggers of the almost 800-year-old Mansfeld mining tradition. "Copper mining has a future well into the next millennium," Minister Singhuber still told the miners soothingly at location in the mideighties.

The miners continued to enter the shafts. Nobody asked about the cost of the expensive job-procurement program. An SED functionary in Eisleben said that "billions, urgently needed as investment capital elsewhere, were squandered here."

It is one of the peculiarities of GDR's socialism that the Mansfeld state enterprise, a bankrupt business by ordinary economic criteria, was made the nucleus of one of the largest combines of the East German state.

Such profitable enterprises as, for instance, the Allgemeine Deutsche Metallwerke at Oberschoenweide in Berlin or the Leipzig Metallwerke founded in 1925 were incorporated into the Mansfeld state enterprise.

Mansfeld, now renamed Wilhelm Pieck after the cofounder of the GDR, mushroomed into a colossus as a consequence of the wave of forced concentrations. The official planners hoped that the unfathomable fabric of various metal works would obscure the decline of the Mansfeld mining structure and merge the combine into a metallurgical concern of international stature.

Officials stubbornly adhered to a policy of producing disproportionately expensive copper. In the last few years one million tons of ore yielded only 7,000 tons of metal. A ludicrously low gain. To balance production of the old smelting works, the state socialists imported large quantities of copper scrap from Western countries. The scrap consisted mostly of old plastic-sheathed cable or shredded semiconductors which such countries as the

Federal Republic did not allowed to be reprocessed for sound environmental reasons.

The import of raw material and the export of pure metal was arranged by foreign-currency controller Alexander Schalck-Golodkowski and his Intrag company. Mansfeld executives knew, of course, about the dangers of this type of copper production; but Intrag paid in cash and hard currency.

Thus, several million additional Deutsche mark flowed into the combine's coffers. "Besides," former manager Reichmann maintains today, "we were hardly in a position to oppose such orders."

The consequences of this policy were devastating. Since the end of the seventies, heavy-metal emission in the vicinity of the Ilsenburg copper works was 40 times above the legal limit. The ancient smelting plant annually hurled up to 300 tons of heavy metals into the immediate environment.

Pollutants such as lead, copper, cadmium, and even dioxin were discovered in the blood of residents. Authorities have known this since the end of the seventies.

The Magdeburg-bezirk public health authority in a March-1988 study urgently requested immediate steps to "prohibit consumption of forest and meadow mushrooms" in the vicinity and to provide for regular "preventive recuperation therapy" for children until the production facilities were closed. The study then disappeared into the armored vault of the SED bezirk administration. Only now did the environmental scandal become public. The Ilsenburg works must be shut down in midyear.

Ore production, which has been pointless for eons, will terminate irrevocably, for instance, at the Sangerhausen Thomas-Muenzer shaft. More than 2,000 miners will then lose their jobs—with M 1,600 a month by GDR standards extremely well paid—in the poor foothill region of the Harz Mountains.

Mansfeld's General Manager Rost is desperately searching for new survival concepts for his concern. His hopes, as those of many other Eastern managers, lie with the West. Rost would very much like to get into the capital construction business together with the Frankfurter Metallgesellschaft (MG).

Now the state enterprise executive negotiates, sometimes in West Berlin and at other times in Frankfurt, with MG's Board Chairman Heinz Schimmelbusch. One thing the GDR man has already learned: "Schimmelbusch is a first class professional."

In the meantime, Rost has eliminated the idea of entering the computer field, still vigorously pushed by his predecessor Reichmann, from the "list of new items to be pursued by the Mansfeld-combine state enterprise" because of "poor chances of success."

There is no plan for creating a large number of new jobs. Rost expects more than 8,000 workers to be unemployed within the next few years.

This figure may even be higher since the Mansfeld colossus is threatened with collapse. "In the past," a close colleague of Rost said, "our flanks were protected by the party and the government," but now the general manager is "just about left to fend for himself."

Healthy and profitable enterprises, which years ago had been forcibly merged with the Eisleben combine, are applying pressure to become independent again. They think that their chances of survival are better alone than in union with the deadbeat state enterprise.

Among the rebellious Mansfeld subsidiaries are the Rackwitz state enterprise—the aluminum-producing light-metal works near Leipzig—and the Thale iron and metallurgical plant, where Rost's predecessor Reichmann now works in blue working garb while awaiting another chance for a career.

The enterprises are adjusting and so are people. Reichmann, the former comrade general manager, is now trying to woo the social democrats.

POLAND

ZYCIE GOSPODARCZE 'Briefs' Columns

90EP0285A Warsaw ZYCIE GOSPODARCZE in Polish Nos 49-53; 3, 10, 17, 24-31 Dec 89

[Excerpts from the weekly news column "Last Week"]

[No 49, 3 Dec p 2]

[Excerpts]

In Poland

[Passage omitted] On 27 November 1989, official prices for 2-percent milk rose to 210 zloty from 30 zloty per liter, for lean cottage cheese to 1,000 zloty from 150 zloty per kg, for powdered milk for infants and premature infants to 1,000 zloty for one-quarter kg, and for regular bread to 500 zloty from 94 zloty per 0.8 kg, and for country bread to 700 zloty per kg.

On 26 November 1989, a liter of 94-octane gasoline cost 1,050 zloty, 87-octane cost 1,000 zloty, and diesel fuel, 850 zloty. Prices rose by 100 zloty in comparison with a week earlier. [passage omitted]

On 1 December 1989, the Polish Security Bank began selling state bonds issued by the National Economic Bank totalling 5 trillion zloty. Through 30 November 1994, the bonds will earn a varying rate of interest according to the monthly rate equal to the index of price increases announced by the Central Office of Statistics. The entire issue consists of 200,000 bonds with nominal values of 5 million zloty, 600,000 bonds with nominal value of 1 million zloty, 5 million bonds with a nominal

value of 400,000 zloty, and 7 million with a nominal value of 200,000 zloty. [passage omitted]

Beginning 1 December 1989, the charge for a child in a nursery will be 40,000 zloty monthly.

Abroad

According to an evaluation by the United Nations European Economic Commission, the increase in the net material product in the countries of Eastern Europe and the Soviet Union will be below 2.5 percent compared with 4 percent in 1988 and the 5.5 percent planned levels of economic development. The increase in industrial production in these countries during the first three quarters was a little more than 2 percent in comparison with 4 percent during the same period in 1988. The volume of exports by the Soviet Union and the six countries of Eastern Europe declined during the first six months of 1989, chiefly due to a decline in mutual trade and a reduction of exports to the developing countries. Exports to the developed countries of the West grew by 4 percent, while imports from these countries increased by 13 percent. Soviet exports to these countries increased by 9 percent (however during the third quarter the level of exports weakened), and imports grew by 11 percent.

The European Parliament in Strasbourg again expressed support for the idea of EEC help for the countries of Central Europe, which are entering on the path of reform, listed Poland, Hungary, and the GDR, and recommended "long-term financial, economic, and ecological cooperation" with them. By a large majority the parliament adopted a resolution recognizing the right of the society of the GDR to self-determination, including the right to unify with the FRG, noting simultaneously that it cannot lead to any other changes in border or territorial demands against Poland. [passage omitted]

Miklos Nemeth, premier of Hungary, said during parliamentary debates on a proposed program for the coming three years that during this year the foreign debt of the country will increase to \$20 billion. [passage omitted]

[No 50, 10 Dec p 2]

[Excerpts]

In Poland

[Passage omitted] On 2 December 1989, the Economic Committee of the Council of Ministers accepted a proposed reform of mining. It calls for, among other things, the liquidation by the end of 1989 of the coal exploitation enterprises (intermediate units between the mines and the Hard Coal Community) and also for the gradual attainment of independence of the mines and the gradual liquidation of the Community. It also assumes the formation of coal markets. [passage omitted]

On 30 November and 1 December 1989, the 14th session of the Sejm met. A law on the National Endowment Fund was adopted; the Ministry of Communication was

separated from the Ministry of Transportation, Maritime Shipping and Communications; a resolution on the plan of the Central Fund for Development, Science and Technology for 1989 was adopted, and the government was required to present its accomplishments and plans in agricultural policy. The Sejm also familiarized itself with two deputy proposals for changes in the constitution.

At the session on 2 November 1989, the Council of Ministers decided to purchase 900,000 tons of crude oil and 180,000 tons of gasoline from the second payments area in order to ensure the appropriate supplies for the first quarter of 1990. [passage omitted]

Abroad

[Passage omitted] Li Peng, the premier of the PRC, expressed concern with the radical reforms in Eastern Europe which in his opinion could threaten stability and peace on the European continent during a meeting with a delegation of the Japanese Association for the Promotion of International Trade.

The Japanese Ministry of Foreign Trade and Industry (MITI) has formed a temporary office to coordinate economic policy with all of Europe. In the near future, the current division into offices for Western Europe and Africa and the office for Eastern Europe and South Asia are to be dissolved. As part of the new division, a permanent office for European affairs is to be formed. This reflects the ministry's conviction that the changes in Europe are irreversible. [passage omitted]

[No 51, 17 Dec p 2]

[Excerpts]

In Poland

[Passage omitted] A Group to Defend Worker's Interests was formed within the Citizens' Parliamentary Club on 8 December 1989. The declaration of the group states that the economic policy of the government cannot be limited only to balancing the budget and holding down wages. The declaration was signed by 21 members of the club.

Deutsche Bank AG in Frankfurt is the first German institution to receive a lending permit from Poland's Ministry of Finance allowing it to open an office in Warsaw. Currently, 18 percent of the trade in goods and services between the two countries is implemented through Deutsche Bank. In October 1989, Deutsche Bank also received permission to open an office in Budapest. The initiation of operations by both new bank offices in Warsaw and Budapest is expected at the beginning of 1990.

Abroad

[Passage omitted] In Hungary a government delegation led by Premier Miklos Nemeth held three days of talks with representatives of the opposition and gained their support for the program of structural reforms and budget savings. It calls for, among other things, the liquidation

of about 50 unprofitable enterprises. The reductions of the budget and payment deficits were the cause of the difficulties that occurred recently in the talks between Hungary and the IMF after the Hungarian parliament rejected the government economic program for the next three years. [passage omitted]

During the first 11 months of 1989, China's trade turnover was not quite \$98 billion. During the period, exports increased 11.3 percent and reached \$45.66 billion, and imports increased 12.6 percent to \$52.33 billion. According to the Xinhua press agency, the trade deficit began to decline during the second half of the year.

In conjunction with the expected decline in the rate of economic growth in South Korea during 1990 to 5 percent, the government has initiated extraordinary measures to counteract the "crisis." They include freezing wages for administrative workers and military pay. Economic growth in South Korea will be 6.5 percent in 1989 compared with 12 percent in 1988.

Paul Coverdell, director of the American Peace Corps, announced that by the middle of 1990 between 80 and 100 members of the organization would begin working in Poland. They will be specialists in health care, small-scale manufacturing, environmental protection, and English teachers.

"If the usual courage can change a sick, communist economy into a healthy capitalist one, the new Polish leaders can succeed," writes Alan Murray in the WALL STREET JOURNAL. "The plans for economic reform presented last week to officials from the United States 'takes one's breath away' with their openness and reach. . . . The bold nature of the Polish plan caused some members of the American delegation to wonder whether the Poles are going too fast and too far, whether this is courage or madness."

[No 52-53, 24-31 Dec p 2]

[Excerpts]

In Poland

[Passage omitted] On 15-16 December 1989, the congress of the Polish cooperative movement met. The delegates called for compromise reforms. They decided to recognize the necessity of liquidating the cooperative unions. They asked, however, for the law to provide for two or three ways of liquidating them: a voluntary way by the chartered congresses of union delegates prior to 30 April 1990 and the method proposed in the government proposal, from above. (It would apply to the unions that do not liquidate themselves.)

On 17 December 1989, prices for fuels rose again: 94-octane gas to 1,200 zloty from 1,050 zloty per liter; 87-octane 1,150 zloty to 1,150 zloty from 1,000 zloty per liter; diesel fuel to 1,000 zloty from 850 zloty. On 18 December, prices for cigarettes rose: Carmen cigarettes

to 1,400 zloty from 1,050 zloty and Caro cigarettes to 1,250 zloty from 900 zloty a package. In 1990, the Krakow Tobacco Factory has announced, production of these kinds of cigarettes will increase by 20 percent. [passage omitted]

As a result of cracks in the ground, the Turow Lignite Coal Mine in Jelenia Gora Voivodship is threatened with flooding. An earthen dam built using mechanical equipment is to prevent the disaster. Negotiations with the GDR have made it possible to move a section of the channel of the Nysa Luzyczna about 150 meters into the GDR so that the river does not directly threaten the mine. The river will follow its new channel in the first quarter of 1990.

On 31 December 1989, the meat industry enterprises in Warsaw, Kolo, Lublin, Koszalin, Lodz, Rzeszow, Tarnow, and Wroclaw will be split up. The remaining 10 enterprises in this industry will be divided during the second stage of demonopolization. [passage omitted]

On 13 December 1989, the Congress of Polish Crafts ended. The Union of Polish Crafts, headed by Jerzy Bartnik, president of the Crafts Chamber in Poznan, has replaced the Central Union of Crafts. The congress adopted several resolutions which it directed to the government and parliament. It demands in them, among other things, the establishment of a legal and administrative framework permitting craftsmen to operate for the long term, and a rational tax system. [passage omitted]

Regional Press Column: Economic Reports

90EP0268A Warsaw GAZETA BANKOWA in Polish
Nos 38, 48, 49; 18-24 Sep, 27 Nov, 4 Dec 89

[Unattributed weekly columns: "From the Regional Press"]

[No 38, 18-24 Sep p 6]

[Text] In Szczecin Voivodship the auctioning of plots for small-scale manufacturing and service and sales is developing. From September 1988 until September 1989, 94 of them have been sold, and the budgets of the local people's councils have received several hundred million zloty which have been used to finance the installation of municipal services for housing construction.

The main reason for transforming the Damina Clothing Industry Factory in Brzeziny (Lodz Voivodship) into a partnership with D'Amico, a Polonia entrepreneur from Malaysia, was the need the need to match the wage competition of 700 local private clothing producers. The partnership is treated by the legal regulations as a private enterprise. That permitted the firm to reduce the administrative personnel and to raise the wages of the production personnel.

The City and Gmina People's Council in Pelplin (Gdansk Voivodship) holds 70 percent of the Akord

partnership. The funds were drawn from the budget surplus. The firm performs rapid repairs and small renovations in the city.

A private pawnshop, which recently opened in Torun, provides a maximum loan of 75 percent of the retail price of the pawned items and charges 20 percent interest a month.

The Katowice Voivodship Court has registered an association of future stockholder-workers of the Piast Hard Coal Mine in Tychy. Its purpose is to promote the idea of reforming the economy, training and self-education for the members and the unaffiliated workers of the mine in the area of ownership forms and economic laws.

The NSZZ for Individual Farmers in Ladek Zdroj (Walbrzych voivodship) proposed in August that sales of agricultural products be made for dollars to the local gmina cooperative. Sample prices 21,000 zloty or \$3 for 1 quintal of wheat; 17,000 zloty or \$2.50 for one quintal of rye; 2,500 zloty or \$0.35 for 1 kg of live hog; 2,100 zloty or \$0.30 for 1 kg of live cattle.

[No 48, 27 Nov-3 Dec p 6]

[Text] The production of small tractors is the goal of an Italian-Polish joint venture whose participants are: on the Polish side, the Lublin Agromet agricultural machinery factory and the truck plant, and on the Italian side, the Ruggieri and Parbieri firms.

During their visit to Gdansk, a group of industrialists from Bremen (FRG) signed a letter of intent to form a mother partnership or joint venture for future joint business efforts.

The Gdansk research and implementation enterprise Spais, Inc., won first place in the partnership classification in Poland; the competition was conducted by the Spanish economic journal MERCADO MUNDIAL and was admitted to the exclusive organization Trade Leaders Club. The firm deals with ship and industrial automation and the production of control and measurement equipment.

The Foundation for the Renewal of the Krakow Monuments, which has been operating for a year, has already opened 11 stores, including four that sell for convertible currency. In 1990, the Foundation will provide more than 500 million zloty for the rebuilding of Krakow.

The Krakow City Transit Enterprise will earn more than 20 million zloty and \$6,000 for advertising on its vehicles.

The hang-glider school on Zar (Miedzybrodzie Zywieckie) which belongs to the Aeroclub in Bielsko Biala is conducting flying courses for foreigners and charges are in convertible currency.

The branch of the Slask Bank in Bielsko-Biala refused to accept a large sum in Austrian 5,000 Shilling banknotes from a client because the bank had not received a sample

of such a banknote from the National Bank of Poland although the banknotes have been in circulation since 1988.

At a session of the Krakow Voivodship People's Council it was announced that the gaseous, liquid, and particulate emissions falling on the city (one-third of the residents are suffering from long-term illnesses of the respiratory system) exceed the allowable limits.

The Intermed Factory Economic Group operating under the Health Board of the Voivodship Internal Affairs Office in Bydgoszcz has begun providing medical services for residents of the city. The prices are similar to those in medical cooperatives.

[No 49, 4-10 Dec p 6]

[Text] The participants in the joint venture Malmot Production and Service Enterprise, which has existed since midyear are, on the Polish side, Malmor and the Paris Commune Shipyards in Gdynia, and on the French side, the firms Kremlin and SNMI. The joint venture cleans and coats sheet metal for ships.

So far 34 partnerships including foreign capital have been formed in Szczecin Voivodship. The most common fields are fish processing and food processing, building materials and wood products, and services.

The goal of the joint venture formed by the Szczecin-Swinoujscie Free Trade Zone, Inc., (5 percent of the capital), the Warski Shipyard in Szczecin (21 percent of the capital) and Hamburg firm Immobilien und Beteiligungsgesellschaft (74 percent of the capital) is to open a shopping center for materials and finishing materials and furnishings for construction in Szczecin.

Quote of the Week: "Values are abstract; prices are concrete."—Gabriel Laub

The Center for the Promotion of Foreign Trade in Katowice is organizing a free trade zone in the Zebrzydowice-Pruchna region. Consignment warehouses of foreign firms will be built there.

During the first six months of 1989, Polonia firms in Lodz Voivodship sold goods valued at more than 29 billion zloty (exports amounted to nearly 2 billion zloty), paying the local treasury more than 4 billion zloty in taxes. The largest exporter is the Karimex Foreign Trade firm, which specializes in innovation and implementation in the production of electronic elements and subassemblies.

In order to overcome space difficulties in its branches the Polish General Savings Bank in Gorzow is opening offices in large retail buildings.

The branch of the Polish Security Bank in Szczecin has more than \$128 million in convertible-currency accounts.

The founders of the recently formed foundation for the Development of the Rzeszow Region are, among others, the Rzeszow voivod, the Westa Insurance Cooperative, and the Kwant Industrial and Retail Enterprise.

The first Polish Civic Committee for Crafts has been founded in Bialystok.

November 1989 Economic Figures: Private Sector Grows, Recession Continues

90EP0292A Warsaw RZECZPOSPOLITA in Polish
9, 10 Dec 89 p 3

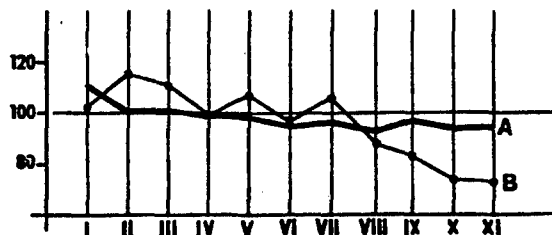
[Article by PA: "Production Down, Remunerations Up"]

[Text] The economic results of November indicate that the recession continues. However, its extent and depth are hard to determine because the GUS [Central Office of Statistics] studies primarily the socialized sector. Meanwhile, the share of the private sector has been increasing rapidly, especially in food processing, trade in foodstuffs, and construction.

In November, industrial production was somewhat lower than in October and 8 percent lower than in November of last year. However, in terms of comparable work time, a certain pickup in production compared to October of this year can be noted.

Construction remains in a state of decay, and the volume of production is more than one-fourth below that of a year ago. The employees are leaving for the private sector. Raw and other materials are in short supply. Organization is still hopeless, and virtually the only hope we may have is that an efficient private sector will arise out of the ruins of state-run construction.

Compared to last year, the turnover of foreign trade in natural units declined in November. In terms of rubles and dollars, the situation was more favorable. Ruble-denominated exports increased appreciably in November, and imports declined. As a result, the balance after 11 months amounts to about 1.5 billion rubles, out of which 1,346 million rubles with the USSR alone. The positive balance is very high. However, until now the traders have been unable to exact



A—Product sales in socialized industry; the same month of last year equals 100 percent in terms of comparable work time

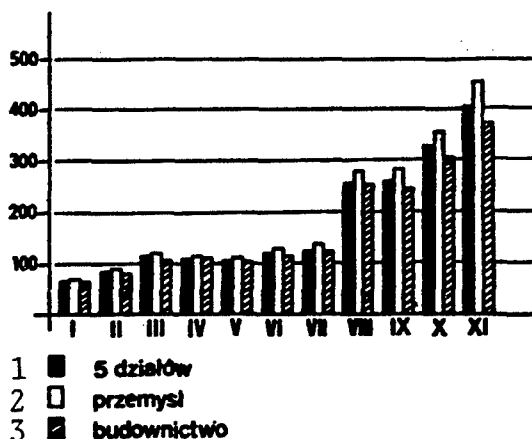
B—Basic output of socialized construction and assembly enterprises; the same month of last year equals 100 percent in terms of comparable work time

corresponding deliveries of imports from the USSR. In November, imports from that country were 13 percent lower than a year ago, and not all of this decline is attributable to more favorable prices.

Imports from the 2d zone [capitalist countries] in terms of dollars were 15 percent lower in November than a year ago whereas exports declined by 4 percent. After 11 months, the currency balance amounts to \$653 million (out of which \$350 million in hard currencies). This is considerably less than a year ago. However, it appears that the payments situation has not deteriorated because we are securing the rescheduling of payments within the framework of programs of aid to Poland.

Remunerations in the five basic sectors of the economy increased by 23.7 percent compared to October. In industry, the increase was about 30 percent, and, in the extractive industry, 44 percent. As a result, the average wage came to 408,320 zlotys (the five sectors), 459,247 zlotys (industry), 790,372 zlotys (extractive industry), 404,819 zlotys (processing industry), 377,640 zlotys (construction), 356,862 zlotys (transportation), 306,718 zlotys (trade), and 268,398 zlotys (communications).

In some industries, the remunerations were as follows: the coal industry, 815,950 zlotys; the power industry, 484,333 zlotys; nonferrous metallurgy, 638,156 zlotys; machine building, 416,808 zlotys; precision mechanics, 357,080 zlotys; the garment industry, 351,327 zlotys; and the food industry, 406,122 zlotys.



Average Monthly Remunerations in the Five Basic Sectors of the Economy, Industry, and Construction (in zlotys)

Key:

1. The five sectors
2. Industry
3. Construction

It is difficult to evaluate the level of real wages in November. If we assume that the prices increased by 35 percent in November, as one of the advisers of the GUS chairman has projected, the real wages probably declined slightly for the second time in a row.

The market situation improved slightly. The sales of goods were lower than the growth of prices whereas, compared to the movement of prices, the value of stocks in trade, particularly those of foodstuffs, increased.

In general, the following can be said: The economy was in a state of recession and at the same time dysfunction. It is increasingly difficult to discern cohesive trends and to project the future. This is not made easier by incomplete statistics at a time of changes in ownership patterns, demonopolization, and activities of new brokers and producers.

'American Bank in Poland' Plans To Open Doors by Late Spring

90EP0291B Warsaw ZYCIE WARSZAWY in Polish
20 Dec 89 p 1

[PAP article: "American Bank in Poland"]

[Text] The president of the Polish National Bank [NBP], in an understanding with the Ministry of Finance, has handed down a decision regarding the opening of the American Bank in Poland. On 19 December 1989, the decision was turned over at NBP headquarters to representatives of the American side, whose representatives included well-known banker of Polish extraction Witold Sulimirski and president of the future bank Zygmunt Niewiarowski. It is expected that the American Bank in Poland will begin its activity within the coming three to six months. Shareholders in the bank include: Polish American Resources Corporation, with headquarters in New York, from the American side, and Polish Oil Mining and Gas Engineering, with headquarters in Warsaw, Polish Recordings, Presmed Innovations-Applications Enterprise and the Fiberboard Panels Plant in Czarna Woda (Gdansk Voivodship).

The bank considers its primary task to be investment activity in the area of housing construction and the production of building materials, the modernization of the banking system, and the offering of various kinds of banking services in Poland.

Pharmaceutical Investments, Development Lag Behind Forecasts

90EP0309A Warsaw RZECZPOSPOLITA in Polish
5 Jan 90 pp 1, 3

[Article by (jota): "Gaps in Pharmacopoeia: The Program Is Slipping"]

[Text] Gaps on pharmacy shelves are a common occurrence. Thus while as recently as 10 years ago the tocsin

was rung because of a shortage of 100 medicines, somewhat later shortages of several hundred pharmaceuticals out of a list of more than 2,000 have become the common norm.

To save the situation, operating programs and subsequently government orders were introduced. But these were half-measures. A real cure was to be assured by a program for expanding the pharmaceutical industry. As conceived by its authors, by 1990 our pharmaceutical industry was not only to meet domestic needs but also, owing to imports of [processable] medicines, become a major source of foreign exchange earnings. What is the stage of the fulfillment of that ambitious program at present?

The condition of pharmacy supplies demonstrates that either the fulfillment of this program is lagging markedly or the forecasts of the size of output and the consumption of pharmaceuticals were too optimistic. As indicated by information provided by the Ministry of Industry, the targets of the program for 1985-93 were fulfilled in half [as published]. Ninety-eight investment projects were completed at the cost of altogether 90 billion zlotys plus US\$121 million for imports of machinery and equipment. As a result, compared with 1985, the production capacity of the pharmaceutical industry has doubled, increasing by 80 billion zlotys (in comparable prices).

The new investments made it possible to markedly expand the production of cardiac drugs, antibiotics, and preparations used in diseases of the alimentary system and vision, as well as antiasthmatic drugs, infusion fluids, and medical apparatus, especially disposable needles and insulin syringes. More than 100 new products were developed. For the first time in 20 years, the development of domestic pharmaceutical syntheses was promoted; the policy followed in the 1970's had resulted in the shutdown of many of these syntheses and their replacement with imports of the needed substances.

Unfortunately, the past year was not conducive to the program for expanding the pharmaceutical industry, which lagged considerably behind. This is due to the general economic situation of enterprises, inflation, and the shortages of needed materials and equipment. The program, though elevated to the rank of a resolution of the Council of Ministers, was not considered in the Central Annual Plan, and thus also there was no money for the acquisition of machinery and equipment from Payments Area 2 [capitalist countries]. Only the existing investment projects were continued, and no one decided to initiate new ones. As a result, last year's plan failed to provide for, e.g., the construction of a protein preparations department at the Polfa Plant in Kutno, a surgical thread plant in Poznan, a synthesis facility at the Chemical Works in Oswiecim, and a plant for the manufacture of medicines in vials in Brzozow.

During the next 12 months 44 investment projects will be continued. Plans exist for activating the manufacture

of disposable syringes at the Erg Plastics Enterprise in Klobuck, expanding the output of traditional insulin, and activating the production of chromatographically pure insulin at the Tarchomin Plants. Altogether, 25 projects are to be released for operation, and as a result the production capacity of the Polish pharmaceutical industry will increase by an additional 36 billion zlotys in 1985 prices. A project for expanding the production of hemoderivative preparations and extraintestinal food preparations will probably be commenced.

The program for expanding the pharmaceutical industry has already produced measurable effects despite its unfavorable climate, but even so it requires major revisions. After all, the economic and institutional conditions have changed and hence the program should make much greater allowance for the growth of small enterprises and coproduction in cooperation with foreign firms.

At present, for economic reasons, the implementation of major and extremely costly projects is becoming doubtful. When making corrections, it is worth bearing in mind that throughout the world the pharmaceutical industry has been a source of tremendous profits.

Future of Gdansk Shipyard Still in Doubt Despite Offers

90EP0299A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 15 Jan 90 p 16

[Article by Stefan Dietrich: "The Lenin Shipyard—Lingering Illness of a Polish Symbol; Barbara Piasecka-Johnson's Romance; Neighboring Shipyard in Gdynia Sold"]

[Text] Gdansk, 14 Jan—The dream that the shipyard workers in Gdansk were having about the "rich aunt from America" has come to an end. Barbara Piasecka-Johnson, the owner of the cosmetics concern Johnson & Johnson, has terminated her business venture with the heroes of "Solidarity" before it could become a business deal. "Miracle on the Mottlau"—thus and similarly the newspapers had trumpeted forth the fact this past summer that an eccentric American woman of Polish descent intended to involve herself to the tune of \$100 million for the preservation of the Lenin shipyard in Gdansk, which had been condemned to liquidation by Prime Minister Rakowski. Her involvement had all the earmarks of a touching romance: Barbara Piasecka, stemming from a modest background, goes from kitchenmaid to wife of a millionaire, and, following a long drawn out inheritance dispute, to the heiress of millions as well. At the pinnacle of her success, she wants to erect a monument to herself in her homeland by rescuing the symbol of national self-liberation, the Lenin shipyard, from extinction. "That was a spontaneous decision," she confides to a reporter. During the Corpus Christi Day parade in Gdansk, Lech Walesa and Alojzy Szablewski, at that time the "Solidarity" chairman at the shipyard, had described the situation to her, she said.

Most assuredly included in this description was the fact that the decision made by the government in November 1988 to liquidate the shipyard was prompted by purely political motives and was hard to justify economically. The problems of the enterprise are attributable above all to the fact that for years it was compelled by its owner, the state, to build ships for the Soviet Union which had to be sold for a quarter of what they were worth. A large part of these losses had to be compensated for with loans. In return, the state received Soviet crude oil at favorable prices.

Full of admiration for Walesa, the patroness from America was also impressed "by the devotion of the Polish workers and their technical know-how." Immediately after the parade, she proceeded to the sacristy of the Brigitte church and, in the presence of Bishop of Gdansk Gocłowski, put into writing her intention of taking over the shipyard. A formal "letter of intent" was signed by her and shipyard director Czesław Tolwinski on 1 June. This letter states that, from January 1990 on, the yet to be created "Gdansk Shipyard Company, Limited. New Jersey" was to take over 55 percent of the Lenin shipyard. This was a sign of hope for all of Poland. Four days later, Walesa was able to score a triumphant election victory by his candidates in the parliamentary elections.

Following the signing, Mrs. Piasecka-Johnson stated that feelings and an instinct for business had played an equally great role in this decision. During the months that followed, the scalepan with the instinct for business appears to have become ever heavier. Two British consulting firms, Appeldorn and Albert Anderson, conducted an inventory in Gdansk at the expense of the Johnson concern and submitted their expert opinion on the enterprises's prospects for the future. For a time, 60 foreign specialists inhabited the spacious grounds of the former Danzig and Schichau shipyards.

As early as in September, a feeling of disillusionment began to spread among the shipbuilders. After the migration of the labor force had been temporarily stopped by the hope for fabulous salaries, the crumbling began anew. In its heyday, the largest Polish shipbuilding firm had offered its 18,000 workers above-average wages. At the time the decision to liquidate was made 15 months ago, this number had shrunk to approximately 11,000. Today, 7,500 workers remain to work on the completion of the final 11 orders. According to information provided by deputy director Hans Szyk, the firm has received approximately 30 inquiries for additional orders. "But we are unable to draw up any new contracts since the future of the shipyard is uncertain." Time now plays a major role. If the Lenin shipyard is not soon put on a firm footing and the backlogged demand for investments filled, there will only be empty shop buildings and run down machinery left to take over. While the workers are looking around in ever greater numbers for easier and better paying jobs, the signer of the "letter of intent" no longer seems to be in a hurry. She applied for an extension of the conversion date by a quarter year.

The information that leaked out about the negotiations between the representatives of the Johnson concern, the plant directorate, and the labor unions only served to worsen the climate. The investors want to reduce the enterprise to a capacity of approximately 10 ships per year (the directorate wants at least twice as many). Also far apart, apparently, are the ideas that the negotiators have concerning the value of the existing facilities.

The workers reacted indignantly to the unreasonable expectation that they should content themselves with an hourly wage of the equivalent of 50 cents for a period of five years—which at the present time would still be above average—and during this time also agree not to strike. This outcome also had an adverse effect on Walesa's prestige among the workers. As a favor to Mrs. Piasecka, the workers' leader, who formally was still being carried on the pay roster as an electrician, went so far as to have himself elected chairman of the plant chapter of "Solidarity."

In response to the repeated appeals from Gdansk to save the shipyard, the government of Mazowiecki reacted with half measures. As of 1 January 1990, the plant was converted to a (currently) 100 percent state-owned stock corporation. Mazowiecki's political rise began in the Lenin shipyard in 1980 as an advisor to "Solidarity." He was present during the strikes which led to the forcible achievement of "roundtable" negotiations in 1988. His failure to react now to the calls for help would be misconstrued.

On the other hand, it would be even more disastrous if the government, for reasons of sentimental attachment to a symbol, were to violate the strict economic principles on which the success of the economic reform depends. The last hope of the workers and salaried employees remaining at the plant now is the speedy sale of the shares of stock, with consideration being given to the distribution of a third to foreign investors and a third to the labor force. Standing in the way, at the moment, is the fact that the law on the sale of state-owned production resources has not yet been passed.

In all the turmoil surrounding the offer from America, it has been almost forgotten that, aside from the cosmetics concern, there was one other party interested in taking over the Lenin shipyard, likewise powerful and more akin to it, the Vulkan shipyard in Bremen. However, representatives of this firm, who carried out negotiations in Gdansk before Mrs. Piasecka and who in June likewise submitted a "letter of intent" valid until 31 December, had already suspended their talks in October and currently are no longer interested in the shipyard.

According to the Poles, the discussions taking place with the American investor, which were apparently farther along, were responsible for this. It is not being denied, however, that an increasing number of voices were heard from members of the labor force who objected to the shipyard's being turned over to "the Germans." All

official solicitations for German capital notwithstanding, the sensitivity among the population to a "sellout of national assets to the Germans" has only increased since then, especially as far as the former German territories in the East are concerned. Potentially interested parties should consider this at such time as the shares of the Lenin Shipyard Stock Company are finally offered for sale.

[Box, p 16]

In principle, the Polish Government has agreed to sell 50 percent of the shares of the state-owned shipyard Komuna Paryskiej Gdynia in Gdynia near Gdansk to the Norwegian Kvaerner A/S, Oslo. The terms of the sale are currently being reviewed, according to Kvaerner. A purchase price has likewise not yet been agreed upon, but it will consist of a package of capital and technology transfer. A final contract could be ready for signature in approximately two months. Following the transaction, the Polish shipyard with its 6,000 workers is to be renamed the Kvaerner Gdynia Shipyard. [signed vwd]

Changes to Private Farmers' Social Insurance System Proposed

90EP0291A Warsaw RZECZPOSPOLITA in Polish
20 Dec 89 p 4

[Article compiled by JAK under rubric "Government Proposals": "Farmers' Benefits"]

[Text] The system of social insurance still manifests serious defects even after the 1989 updating of the 1982 law. Both the principles and many detailed solutions are bad. The restructuring of the farmers' social insurance system should include the following specifics:

- 1) The new principles of financing of the system.
- 2) Linking the amount of some benefits with the share paid by farmers and granting those interested the possibility of choosing some elements of insurance.
- 3) Creating institutional forms to enable farmers to participate in decisionmaking on the form of the insurance program and to exercise control over its operation.
- 4) Replacing the transfer of farms with other solutions that foster generational and structural changes in farming.

Work on the new model of farmers' social insurance cannot be completed hastily. While it is desirable that this work be concluded in 1990, the need exists for certain rectifications of the present system to be introduced beginning 1 January 1990. These corrective measures are necessary due to the disruptions in the operation of the system which occurred especially in 1989, above all the deficit in the Farmers' Social Insurance Fund which, according to estimates, will amount to approximately 285 billion zlotys by the year's end.

The deepening of this deficit emanates on the one hand from the exemption from insurance that began with the first of the year for bioccupational farmers and farmers running farms with an area of less than one hectare (this caused a very sudden drop in the number of persons for whom dues of approximately 2 million zlotys are collected and in the number of farmers that carried a dues burden of approximately 650,000 zlotys). On the other hand, the deficit deepened because of the inflationary increase in the amount of benefits (e.g., the basic pension went from 16,500 zlotys at the beginning of the year to 102,000 zlotys at the end of the year), while the amount of dues paid was not valorized. Since the number of farm pensioners and annuitants continues to grow and the number of farmers bearing the burden of dues declines, an appropriate corrective in the principles of financing of the system becomes necessary.

Changes for the Year

The government proposes the introduction of temporary solutions for the year 1990 which would permit an unbroken transition from the previous system to the new system. According to the plan of the draft law legislators, the new system of farmers' social insurance would take effect no later than 1 January 1991.

The draft law anticipates the separation of outlays covered by state budgetary subsidy from outlays covered by farmers. Under the planned structure and planned benefits amount, this separation will mean the state budget's assumption of 82-85 percent of total insurance costs (as compared with the previous obligatory 2/3, or 66 percent, share). This year's shortfall will likewise be covered by a state subsidy.

Moreover, the abrogation of the legal regulation concerning land management and the dispossession of real estate is proposed. This regulation provides for the financing of pensions to which one is entitled before the attainment of retirement age in conjunction with the dispossession of real estate from the Land Management Fund. Difficulties with record keeping and accounting indicate the payment of such benefits from the Farmers' Social Insurance Fund.

What Sorts of Dues?

Given predictions that the high rate of inflation will continue in 1990, and in conjunction with the proposal asking for the more frequent valorization of pension and annuitant benefits paid out, the continuation of the practice of establishing the amount of dues in advance for the entire year and the payment of these dues in four equal payments is impossible. Consequently, the principle of calculating dues once for the entire year (i.e., the farmer receives only one decision) is proposed, with the qualification that the third and fourth payment may be valorized if the outlays covered out of dues increase to such a degree that they cannot be covered out of dues established at the beginning of the year. The amount of

revalorized payment may be readily determined by multiplying the nominal sum of the payment given in the decision by the valorization index announced by the president of ZUS [Social Security Agency]. In order to eliminate the excessive burdening of farmers in the first two quarters, the setting of the amount of the first and second payments at a level lower than the amount of the next payments is proposed. The proportions of the amounts of the individual payments will be defined by executive order.

The parametric principles of the distribution of the dues burden between the insured persons, the recalculated hectares and special parcels will remain unchanged.

So as to maintain the real value of farmers' pension-annuitant benefits, for 1990 the valorization of pensions and annuities by the deadlines and at the level stipulated for employee benefits is proposed.

The draft law also provides for the cessation of record keeping on the sale of farm products in 1990. This constitutes an announcement that the value of the current sale of farm products ceases having an influence on the amount of future pensions and annuities and that in the future system, other elements, particularly the amount of dues and their period of payment will determine the amount of benefits.

A Subsidy for Production Value

In 1990, the value of sold farm products in the past 10 years will still be taken into account in the establishment of the amount of benefits awarded. However, two modifications are proposed in this area as well.

First, it is proposed that a new revalorization of the value of farm products sold by the end of 1988 not be conducted in relation to the valorization done in 1989. In conjunction with demonopolization and the shift to a free-market economy in 1989, given the nominal increase in market prices preceding the increase in official prices, it becomes difficult to apply the existing principle of revalorization. If the revalorization factors were based on 1989 free-market prices, this would lead to an unjustifiable granting of privileged status to farmers receiving pensions and annuities after 1 January 1990. Thus, it is proposed that the value established according to the revalorization indexes in effect in 1989 be retained. This does not mean the freezing of increases resulting from the value of sold farm products. Increases in all benefits obtained before 1 April 1990 would be valorized by the percentage used in the last valorization of the bases of size of employee pensions. On the other hand, beginning 1 March 1990, for newly awarded benefits the revalorization of the value of sold farm products corresponding to the rate of pension valorizations would be used.

Second, since as a result of the demonopolization of procurement and the shifting of the food economy to the free-market system the existing system of record keeping of the value of the sale of farm products was unable to

register all turnovers between private farms and economic units operating on the free market, the draft law provides for the possibility of "shifting" the value recorded in 1988 to 1989, provided that this is to the advantage of the farmer acquiring the right to a pension or annuity.

Transferring a Farm

For 1990, solutions which depart from the requirement of transferring a farm in special situations and correctives liberalizing this requirement are stipulated. Specifically, the following are proposed:

- 1) The lifting of the requirement of transferring a farm in situations where there is no rational need to adjust pensions or annuities for such a transfer. In such cases, in addition to being permitted to continue to run his farm, the farmer would receive a pension or annuity amounting to 75 percent. At the point at which he ceased running his farm, he would be entitled to the full amount of benefits.
- 2) The recognition of land devoted exclusively to farm production as equivalent to the transfer of a farm, in accordance with separate regulations and the discontinuance of the running of a special parcel if this parcel is not strictly of a farming character, i.e., if it is not related to the use of farm lands.
- 3) The expansion of the possibilities for obtaining an earlier pension or invalid's annuity after a year of work on a farm when a farmer is forced to stop running a farm for reasons beyond his control.
- 4) The further liberalization of the requirement for transferring a farm to an heir as a form of transfer which takes precedence over other forms of transfer by means of the further limitation of the concept of heir, through the lifting of the requirement prohibiting a reduction in the value of farms within a five-year period preceding the transfer of a farm to an heir and through the granting of freedom in choosing whether a farm should be transferred to one or several heirs.
- 5) The liberalization of the requirements for transferring a farm to a person who is not an heir: in the event that there is no heir, a farm may be transferred on behalf of any natural or legal person as a gift or by sale, as a life estate or in exchange (excluding an exchange for other farms); in the event of a farm transfer to such a person, the farmer is permitted to retain as his own property those same elements which may be retained in the transfer of a farm to the state.
- 6) The expansion of the scope of application of a temporary invalid's annuity as a benefit independent of a farm transfer.

The draft writers believe that the total departure from the requirement of transferring a farm within the framework of the existing system would be improper. On the other hand, the principle of making the right to a pension

or annuity independent from a farm transfer will be able to be implemented within the framework of the new farmers' social insurance system, through another system of financing and awarding benefits which takes into account the principle of the incentive impact of benefits and dues on favorable generational changes on farms and on structural changes in farming.

At the same time, the draft law proposes limiting the cutting off of a pension or annuity if a farmer or his spouse continues to run a farm only until the running of the farm whose transfer was a requirement for obtaining a pension or an annuity breaks down. The running of some other farm would have no effect on the reception of benefits.

In accordance with the tendency to expand situations in which pension-annuity benefits may be collected without a farm transfer, the awarding of a temporary invalid's annuity is also proposed when a farm is the source of upkeep of a spouse who does not have the right to a pension or annuity and who would not acquire that right in the event of a farm transfer.

The granting of a one-time benefit due to the birth of a child equivalent to an employee benefit is proposed.

With regard to farmers who were formerly subject to a dual insurance, the raising of the amount of the subsidy to the nonfarm pension or annuity, drawn as a single benefit, is projected at 0.5 percent to 1 percent in the event of a farm transfer. In addition, the legal deadline by which it is possible to transfer a farm if an interested party desires to receive two pensions or annuities according to former principles is extended by a half-year.

Farmer Costs and Budgetary Costs

Taking into account the principles of awarding benefits and their valorization as well as the expected level of inflation anticipated by the draft law, for 1990 the total earnings from the Farmers' Social Insurance Fund are projected at 12,054 billion zlotys, of which 10,305 billion zlotys will come from state budget subsidies (i.e., 84.5 percent) and 1,748,996 million zlotys will come from dues paid out by farmers. This represents a nearly fivefold increase in the total amount of dues paid by farmers (given the planned realization of 117,140 million zlotys for 1989) and, taking into account a reduction in the number of farmers and employees bearing the dues burden, the correspondingly greater increase of the dues burden per farm and per insured person. At the same time, it is assumed that the average pension-annuity benefit will increase from 50,040 zlotys in 1989 to 543,053 zlotys in 1990, i.e., elevenfold.

Recently Passed Employment Law Published

90EP0307A Warsaw RZECZPOSPOLITA in Polish
5 Jan 90 pp 3-4

[Law No. 446 on Employment, dated 29 December 1989; first published in Warsaw DZIENNIK USTAW No. 75 of 31 December 1989]

[Text] Nowadays hardly anybody needs convincing about the great importance of the legislation adopted by the parliament in the last few days of the year past and mandatory since 1 January of this year. At any rate, the hundreds of telephone calls to the Editor demonstrate this incontestably, and the demand for publishing all that legislation is widespread. We begin with the Employment Decree; as for the others, we shall publish them successively in our legal column.

We shall publish two ensembles of laws (tax laws and those with the so-called foreign element) in the form of brochures. It is highly important that the brochures will contain uniform texts of legislation complemented with—what may be still more important—implementing regulations.

Employment Decree of 29 December 1989

Chapter 1. General Provisions

Article 1. 1. This Decree regulates the state's activities relating to employment.

1. 2. This Decree applies to job seekers and persons employed on the basis of labor contracts. The provisions of this Decree apply correspondingly to persons employed on the basis of piecework or agency contracts.

Article 2. 1. Whenever this Decree refers to:

1) A workplace; this means both the workplace, as construed by the Labor Law Code, and the person employing employees for profit-making purpose.

2) Employment offices; this means the local agencies of state administration in charge of employment at the appropriate level.

3) Minimum wage; this means the minimum wage paid to employees of socialized workplaces, as announced by the minister of labor and social policy in *DZIENNIK URZEDOWY POLSKIEJ RZECZYPOSPOLITEJ LUDOWEJ* 'MONITOR POLSKI,' pursuant to separate regulations.

4) Average wage; this means the average monthly wage paid at the last workplace of the socialized sector, as announced by the chairman of the Main Statistical Administration in *DZIENNIK URZEDOWY POLSKIEJ RZECZYPOSPOLITEJ LUDOWEJ* 'MONITOR POLSKI,' pursuant to separate regulations.

5) Wage; this means, with the proviso of Article 2, the monthly emoluments received at the last workplace, as figured in accordance with the rules for the monetary equivalent of a vacation leave, with the exception of emoluments paid for overtime work.

6) Allowance; this means unemployment benefits.

7) Training allowance; this means the benefits paid to the unemployed during their training or retraining period.

8) The unemployed, the applicant, or the jobseeker; this means an able-bodied person who is willing to accept employment on the basis of a labor contract and who is currently unemployed and registered at his local basic-level unemployment office, if that person:

a) Does not receive an old-age pension.

b) Does not own or possess (independently or partially) a farm.

c) Does not engage in a business or is not subject to social security for another reason.

9) Additional job; this means a job created by a workplace for an unemployed person on the recommendation of an unemployment office.

10) Temporary job; this means the performance, for a period of not more than six months, of a job initiated or organized for an unemployed person by a basic-level employment office.

11) Higher school graduates; this means full-time graduates of higher schools during the first 12 months after their graduation, with the exception of graduates of the schools under the jurisdiction of the minister of national defense and the minister of internal affairs and persons assigned for university studies by military agencies as candidates for the professional military.

12) Vocational school graduates; this means:

a) Nonworking, full-time graduates of basic and secondary vocational schools and trade schools, during the first 12 months following their graduation.

b) Persons who during the last 12 months graduated from basic vocational schools for working youth, and graduates of academic high schools who received certifications for the exercise of a specific occupation or profession, with the exception of graduates of the schools under the jurisdiction of the minister of national defense or the minister of internal affairs.

13) Foreigners; this means persons who have neither Polish citizenship nor a permanent residence card.

14) Suitable job; this means a job corresponding to the educational background of the unemployed person, one for which that person has been trained or which he can perform after being suitably trained or retrained, if the job is suitable given the state of health of said person and if the combined time of commuting to and from work by means of public transit does not exceed three hours.

2. 2. The provisions of Point 5) of Article 1 do not apply to the emoluments referred to in Point 1), Paragraph 1, Article 13; Paragraph 6, Article 15; Point 3), Article 18; and Point 2), Paragraph 1, Article 24.

Chapter 2. Employment Offices and Councils

Article 3. 1. The purposes specified in this Decree are accomplished by the minister of labor and social policy and the local agencies of state administration competent in matters of employment.

3. 2. The local agency of state administration competent in matters of employment at the voivodship level is the office of the director of the voivodship labor office.

3. 3. The voivodship governor shall, upon consulting the basic-level local agencies of state administration with general powers, establish rayon labor offices whose directors implement the duties of the local agency of state administration competent in matters of employment with respect to several basic-level field units.

Article 4. The duties of the director of the voivodship labor office include, in particular:

1) Coordination of the activities of the directors of rayon labor offices within the voivodship.

2) Preparation of analyses and assessments of employment problems in the voivodship for the needs of the minister of labor and social policy and the employment councils.

3) Cooperation with the employment council and the directors of rayon labor offices in taking measures to avert negative consequences of job layoffs and alleviating these consequences, in particular, by finding suitable jobs, training and retraining the unemployed, and creating jobs for the disabled.

4) Presentation to the minister of labor and social policy proposals for Labor Fund plans and reports on the utilization of the Fund's monies.

5) Allocation of Labor Fund monies to directors of rayon labor offices and monitoring of the utilization of these monies.

6) Assignment of individuals for work abroad under the international agreements referred to in Point 1) of Article 26.

7) Reception of notifications from persons accepting work abroad on the basis of individual agreements with foreign employers.

8) Granting of permits for the employment of foreigners by workplaces, with allowance for the condition of the voivodship labor market.

9) Organization and supervision of job relocation.

Article 5. 1. The Supreme Employment Council is formed under the minister of labor and social policy as an advisory and consultative agency on employment matters.

5. 2. The scope of activities of the Supreme Employment Council includes, in particular:

1) Opining on draft laws concerning employment and recommending new regulations or revisions of old ones.

2) Opining on Labor Fund plans and annual reports.

3) Opining on the the use of Labor Fund monies to acquire stocks or bonds or shares in joint-stock companies, as well as opining on borrowing or use of credit by the Labor Fund.

4) Presentation to the minister of labor and social policy of periodic reports on the activities of the Supreme Employment Council and local employment councils.

Article 6. 1. Voivodship employment councils are formed, in the capacity of advisory and consultative agencies, under the directors of voivodship labor offices.

6. 2. The scope of activities of voivodship employment councils includes, in particular:

1) Opining on the directions of employment in the voivodship.

2) Assessing the soundness of the utilization of Labor Fund monies.

3) Opining on financial plan drafts prepared by voivodship labor offices and on the related implementation reports.

4) Initiation of measures promoting full and rational employment in the voivodship.

5) Assessment of periodic reports on the activities of voivodship and rayon labor offices and presentation to the Supreme Employment Council of periodic reports and recommendations concerning employment.

Article 7. 1. The Supreme Employment Council consists of 24 persons representing, in equal proportions, national trade union organizations, national trade unions representative of the employees of a majority of the workplaces, employer organizations, agencies of state administration, and local governments.

7. 2. The voivodship employment councils consist of 16 persons representing in equal proportions the trade unions, employers, and agencies of state administration and local governments active in the area of the concerned voivodship.

7. 3. Members of the Supreme Employment Council and voivodship employment councils are appointed by the minister of labor and social policy for the period of four years. They perform their duties in the capacity of civic volunteers.

7. 4. The minister of labor and social policy shall determine the organizational structure and operating procedures of the Supreme Employment Council and voivodship employment councils.

Chapter 3. Job Placement and Vocational Counseling

Article 8. 1. Job placement consists in providing assistance to jobseekers in finding suitable employment and to workplaces in finding suitable employees. Job placement is handled by basic-level employment offices.

8. 2. Job placement is provided gratis and based on the following principles:

- 1) Access to job placement for any jobseeker and workplace.
- 2) Voluntariness, meaning that no coercion is involved in the utilization of job placement services by both parties.
- 3) Equality, meaning that employment offices are obligated to provide assistance in finding employment to all jobseekers regardless of nationality, political or organizational affiliation, sex, creed, and other circumstances.
- 4) Openness, meaning that all job vacancies reported to the employment office referred to in Paragraph 1 should be made public to jobseekers.

Article 9. Basic-level employment offices keep a registry of the unemployed.

Article 10. In the event that a suitable job cannot be found for an unemployed person, the basic-level employment office will:

- 1) Organize occupational training or retraining of the unemployed, allot and pay training or retraining allowances during the training or retraining period, and finance such training or retraining.
- 2) Initiate the creation of additional jobs at workplaces and provide them with related financial assistance.
- 3) Initiate or organize and finance temporary jobs.
- 4) Assign and pay benefits.

Article 11. 1. The job training or retraining referred to in Point 1) of Article 10 is organized for the unemployed in the event of:

- 1) Lack of vocational skills.
 - 2) Need to change skills owing to the absence of job offers corresponding to the applicant's previous skills and state of health.
 - 3) The applicant's loss of ability to continue to perform his/her regular job.
11. 2. Job training or retraining should not take more than six months, but in cases justified by the training program this period may be prolonged to 12 months by the employment office.

Article 12. 1. The amount of the training allowance is 80 percent of the regular wage, but for persons who forfeit

their ability to perform their regular jobs owing to an accident at work or en route to or from work, or to an occupational disease, it is 100 percent.

12. 2. The allowance referred to in Paragraph 1 may not be lower than 40 percent of average wage.

12. 3. The training allowance for persons lacking a previous work record is 125 percent of the minimum wage.

12. 4. The allowance referred to in Paragraph 1 is subject to an increase once every quarterly period on the day on which the chairman of the Main Statistical Administration announces the figures on the average wage paid during the preceding quarter, in direct proportion to the increase in that wage.

12. 5. Persons receiving training allowance are eligible, on the same principles as employed persons, for:

- 1) Family allowances.
- 2) Benefits linked to work accidents and occupational diseases.
- 3) Services of the public health services, provided on the basis of entries in social security cards made by basic-level employment offices.

Article 13. 1. Basic-level employment offices use Labor Fund monies to grant loans to:

- 1) Workplaces, for defraying the expenses of organizing additional jobs, and in particular for purchasing or leasing machinery, and paying the wages and social security premiums of the job applicants assigned to these workplaces.
- 2) Unemployed persons who desire to start their own businesses (lump-sum loans).

13. 2. The loans are granted in the amount of 20 times the average [monthly] wages in accordance with terms specified in agreements.

13. 3. The loans are subject to a 50-percent write-off on condition that:

- 1) The workplace employs the job applicant for 24 months (Point 1, Paragraph 1).
- 2) The loans are subject to a 50-percent write-off on condition that the applicant operates his business for 24 months (Point 2, Paragraph 1).

Article 14. Basic-level employment offices reimburse workplaces for the expenses relating to the hiring of the unemployed for temporary jobs paying the same wage as that received by the applicant at his last previous workplace, as well as for the social security premiums and allowances and other benefits to which the applicant had been entitled at his last previous workplace.

Article 15. 1. The applicant has the right to receive unemployment benefits after seven days from the date

he registers with the employment office if said office cannot provide him with a suitable job offer, training or retraining program, a temporary job, or a specially created new job. Unemployment benefits are payable at monthly intervals, at the end of the month.

15. 2. The size of unemployment benefits amounts to:

- 1) Seventy percent of regular wage during the first three months of unemployment.
- 2) Fifty percent of wage during the next six months.
- 3) Forty percent of wage after nine months of unemployment.

15. 3. Unemployment benefits may not be lower than the minimum wage, nor may they exceed the average wage.

15. 4. Applicants lacking a previous work record are eligible for unemployment benefits equal to the minimum wage, with the proviso of Paragraph 5.

15. 5. School graduates lacking a previous work record are eligible for unemployment benefits equal to:

- 1) If they are graduates of higher schools:
 - a) Two hundred percent of minimum wage during the first three months of unemployment.
 - b) One hundred and fifty percent of minimum wage during the next six months.
 - c) Minimum wage after nine months of unemployment.
- 2) If they are graduates of vocational schools:
 - a) One hundred and fifty percent of minimum wage during the first three months of unemployment.
 - b) Minimum wage after three months of unemployment.

15. 6. Unemployment benefits are cut in half if the applicant accepts a part-time job at a wage not higher than the minimum wage; if higher, unemployment benefits are discontinued.

15. 7. Applicants who receive unemployment benefits are eligible for the entitlements referred to in Paragraph 5, Points 1) and 3), of Article 12.

Article 16. 1. Unemployment benefits cannot be granted to applicants who:

- 1) For unjustified reasons fail to report within the designated period of time to the basic-level employment office with the object of accepting a job offer.
- 2) Refuse to accept, within a 30-day period, two successive suitable job offers or offers for the training or retraining required to obtain the job.
- 3) Unjustifiably refuse to accept temporary jobs.

4) Receive a social security pension.

5) Receive sickness benefits or maternity benefits.

6) Receive a child-rearing allowance.

16. 2. In the event an applicant forfeits his right to unemployment benefits for the reason referred to in Point 2) of Paragraph 1, he may reapply for the benefits 30 days after receiving the most recent job offer, training offer, or retraining offer.

Article 17. The period of time during which the benefits referred to in Articles 12 and 15 are received is credited to the work period (at most 24 months) required for the acquisition or preservation of employee rights, provided that the applicant receiving unemployment benefits gets a job within one month from the date of the completion of his training or retraining or within 12 months from the date he was granted the benefits.

Article 18. Persons covered by the Decree on Special Rules for the Layoffs of Employees Owing to Workplace Considerations, as well as by revisions of other decrees, are eligible for:

- 1) A training allowance equal to 100 percent of their wages during the period of their training or retraining referred to in Paragraph 1 of Article 12, with allowance for the provision of Paragraph 4 of Article 12.
- 2) A training allowance equal to 75 percent of their wages, but not less than the minimum wage, if the affected persons reach 55 years of age in the case of females and 60 years of age in the case of males. This allowance is granted on condition that no suitable job offers are available for these applicants. The provisions of Paragraph 4 of Article 12 and Paragraphs 6 and 7 of Article 15 apply correspondingly.
- 3) An equalization supplement paid for a period of not more than three months if the employee undergoes training or retraining, in an amount representing the difference between the training allowance and the wage paid at the new workplace; the amount of this supplement is determined on the basis of the last paid training allowance as increased in accordance with the provisions of Paragraph 4 of Article 12.

Article 19. 1. Employment offices provide vocational counseling with the object of assisting youthful beginners and mature job applicants in choosing or changing a career or a job.

19. 2. Vocational counseling is provided in the form of, in particular:

- 1) Information on occupations, working conditions at workplaces, and the possibilities for complementing or advancing job skills.
- 2) Provision of individual career counseling depending on the needs of jobseekers or training applicants.

3) Cooperation with workplaces in organizing jobs for the disabled in consonance with the indications and contraindications of commissions for the disabled and for employment.

19. 3. Medical examinations for the needs of vocational counseling are performed by health service institutions.

Article 20. 1. The minister of labor and social policy determines in detail the rules for the provision of employment services.

20. 2. The minister of labor and social policy may:

1) Appoint representatives for implementing certain duties ensuing from this Decree.

2) Authorize other agencies or organizations to provide job placementservices, on defining the conditions and scope of these services and the attendant obligations.

20. 3. If the conditions and duties relating to the authorization referred to in Point 2) of Paragraph 2 are not adhered to, the minister of labor and social policy may withdraw the authorization.

20. 4. The operation of an employment agency for profit is prohibited.

Chapter 4. Benefits Granted to Persons Accepting Job Relocations

Article 21. 1. Persons who accept work requiring a change in their domicile may be granted by the appropriate local government agency:

1) A lump sum relocation loan.

2) A home-building loan in accordance with the appropriate regulations if the new workplace does not provide housing.

21. 2. The basic-level employment office reimburses the local government agency for one-fourth of the loan referred to in Point 1) of Paragraph 1, provided that it amounts to not more than three times the average monthly wage, after the borrower works at least 12 months at the new workplace.

21. 3. The loan referred to in Point 1) of Paragraph 1 is subject to a write-off if the loan referred to in Point 2) is granted.

Article 22. The basic-level employment office issues to the person subject to job relocation a free ticket for travel to the site of new employment by the cheapest means of communication.

Chapter 5. Promoting Employment of the Disabled

Article 23. Voivodship-level employment offices prepare annual plans for the employment of the disabled and cooperate in this respect with workplaces, organizations associating the disabled, trade union organizations, social care institutions, and other local organizations involved in translating such programs into reality.

Article 24. 1. Basic-level employment offices reimburse workplaces for the expenses relating to:

1) The organization of jobs for the disabled assigned to these workplaces, in an amount of up to 30 times the average [monthly] wage per job.

2) The wages paid to the disabled persons employed by the workplaces plus their social insurance premiums for a period of 18 months from the first day of their employment.

24. 2. A workplace which employs disabled persons directed thereto by an employment office should employ them for a period of at least three years.

24. 3. The workplace is obligated to allot or organize work stations making it possible to employ those employees of the workplace who, owing to a work accident or an occupational disease, lose the ability to work in their usual occupations and are classified into one or another category of the disabled.

24. 4. If the workplace fails to allot or organize a work station for a person among those referred to in Paragraph 3, it is obligated to contribute to the Labor Fund an amount equal to 40 times the person's average [monthly] wage.

24. 5. Workplaces operating on the basis of cost-effective accounting make the payments referred to in Paragraph 4 out of their net profits after taxes, or out of their balance sheet surplus.

24. 6. Workplaces which employ the disabled are exempt from paying taxes on the wages or ceiling-exceeding wages paid to these disabled, in accordance with the provisions of separate regulations.

24. 7. In cases warranted by the disability category of the job applicants, the basic-level employment offices may purchase equipment for adapting the work station to that disability category with the object of transferring that equipment gratis to the concerned workplace, within the financial limits referred to in Point 1) of Paragraph 1.

Article 25. The minister of labor and social policy shall, in cooperation with the minister of health and social welfare, define the requirements that must be met by work stations for the disabled.

Chapter 6. Employment of Polish Citizens Abroad by Foreign Employers and Employment of Foreigners in Poland

Article 26. The employment of Polish citizens abroad by foreign employers is regulated by:

1) International agreements.

2) Agreements concluded between authorized placement agencies and Polish citizens assigned by these entities for work abroad for foreign employers.

3) Agreements concluded between Polish citizens and foreign employers.

Article 27. 1. The assignment of Polish citizens for work abroad for foreign employers is based on authorizations granted to placement agencies by the minister of labor and social policy.

27. 2. If the terms and obligations ensuing from the authorization referred to in Paragraph 1 are not adhered to, the minister may withdraw the authorization.

27. 3. Assignment for work abroad by placement agencies is based on agreements concluded between these agencies and Polish citizens, with said agreements regulating:

1) Period of employment abroad.

2) The respective obligations of the assigned employee and the placement agency.

3) The reimbursement of the expenses involved in assigning persons for work abroad, and, in particular, of the expenses involved in:

a) Attendance to travel formalities.

b) Insurance of the assigned persons against unfortunate accidents and tropical diseases.

c) Attendance to other matters requested by the person assigned for work abroad.

Article 28. 1. The period of employment of Polish citizens abroad on the basis of the agreements referred to in Article 26, Points 1) and 2), is treated as equal to the same period of employment in Poland so far as employee rights and the provisions governing old-age pensions for employees and their families, their social security, and monetary benefits in the event of work accidents or occupational diseases, are concerned.

28. 2. The basis for reckoning the benefits referred to in Articles 12 and 15 for persons who return to this country after completing work abroad (Article 26) is their average wage, with the proviso of Paragraph 3.

28. 3. The provisions of Paragraph 2 apply to the persons referred to in Article 26, Point 3), if they meet the requirements specified in Article 30.

Article 29. The placement agency providing work abroad on the basis of the agreements referred to in Article 26, Point 2), is dutybound to transmit to:

1) The Social Security Administration, the social security premiums for every individual assigned for work abroad, in an amount representing the same proportion of average wage as in the case of persons working in Poland.

2) The Labor Fund, an amount corresponding to 12 percent of the average wage for every month that the person assigned for work abroad remains covered by

social security, by the procedure and on the principles prescribed for social security premiums.

Article 30. 1. Unless otherwise specified by international agreements, the period of employment of Polish citizens abroad referred to in Article 26, Point 3), is considered—with the proviso of Paragraph 2—equal to the same period of employment in Poland so far as the rights of the employees and their families to old-age pensions, social security, and monetary benefits in the event of work accidents and occupational diseases are concerned.

30. 2. The provisions of Paragraph 1 apply on condition that the period of employment abroad is properly documented and that the social security premiums of the concerned employees are paid in the same proportions to, at least, the average wage as those applicable in Poland itself.

Article 31. The period of documented employment abroad on the basis of the agreements, referred to in Article 26, Point 3), between Polish citizens and foreign employers is treated as tantamount to the period of employment in Poland so far as employee rights and benefits are concerned, starting with the day on which the applicant notifies the concerned local voivodship-level employment office that he has accepted work abroad, and on condition that each month an amount equal to 12 percent of the applicant's average wage is paid into the Labor Fund.

Article 32. The minister of labor and social policy shall define in an ordinance:

1) The procedure for making the payments referred to in Article 29, Point 2), and Article 31.

2) The procedure for making the social security payments referred to in Article 29, Point 1), Article 30, paragraph 2, and Article 37, Paragraph 1, Points 2) and 5).

Article 33.1. Workplaces may employ foreigners on the territory of the Polish People's Republic provided that they obtain the approval of the voivodship-level employment office, which approval should be granted upon taking into consideration the situation on the labor market.

33. 2. If separate regulations make the exercise of an occupation contingent on the approval of an appropriate agency, the workplace should obtain that approval before contacting the employment office referred to in Paragraph 1.

33. 3. The Scientific Secretary of the Polish Academy of Sciences shall define the terms for the employment of foreigners by institutions of the Polish Academy of Sciences.

33. 4. The provisions of Paragraphs 1 and 2 do not violate the provisions regulating separately the conditions for the employment of foreigners or containing a prohibition against the employment of foreigners.

Chapter 7. The Labor Fund

Article 34. 1. The Labor Fund, hereinafter referred to as the Fund, is herewith formed.

34. 2. The Fund is at the disposal of the minister of labor and social policy.

Article 35. 1. Income of the Fund is constituted by:

1) Mandatory contributions by workplaces, reckoned in proportion to the basic social security premiums, in amounts determined by the Council of Ministers by mean of an ordinance.

2) Contributions by workplaces as referred to in Article 24, Paragraph 4.

3) Subsidies from the central budget to complement the Fund's monies earmarked for the payment of mandatory benefits, once the contributions referred to in Point 1) are exhausted.

4) Income from the Fund's shares in joint-stock companies.

5) Income from profit-making activities.

6) Income from other funding sources, as based on separate regulations.

7) Other income.

35. 2. The Fund may augment its resources by opening a credit line or borrowing.

35. 3. The contributions to the Fund referred to in Paragraph 1, Point 1), are made by workplaces from their own resources for the duration of the social security coverage of every employee, by the procedure and on the principles specified for the payment of social security premiums. These contributions are collected by the Social Security Administration along with social security premiums, and transmitted to the Fund once every quarterly period, in the first month of the following quarter.

35. 4. Cooperatives of the disabled and the blind as well as the training-and-production plants of the Polish Association of the Deaf are exempt from the duty of making the contributions referred to in Paragraph 1, Point 1).

Article 36. 1. The Fund's income also includes:

1) Payments by placement agencies and Polish citizens working for foreign employers, in the cases referred to in Article 29, Point 2), and in Article 31.

2) Payments by foreign partners who recruit Polish employees within the framework of international agreements.

36. 2. The funds referred to in Paragraph 1, Point 2), are kept in the Fund's foreign-exchange bank account.

Article 37. 1. The monies of the Funds are used to finance the:

1) Cost of the training or advanced training of the unemployed.

2) Training allowances referred to in Articles 12 and 18, Point 1), and social security premiums.

3) Loans referred to in Article 13.

4) Cost of organizing the temporary work referred to in Article 14.

5) Allowances referred to in Articles 15 and 18, Point 2), and the social security premiums for the persons receiving these allowances.

6) Loan reimbursement on the principles defined in Article 21, Paragraph 2.

7) Equalization supplements referred to in Article 18, Point 3).

8) Travel tickets referred to in Article 22.

9) Cost of creating new jobs and paying wages and social security premiums referred to in Article 24.

10) Equalization supplements paid to the persons covered by the Decree on Special Rules for Layoffs of Employees owing to Workplace Considerations as well as by the revisions of certain other laws.

11) The introduction and development of a computerized information system for job placement and vocational counseling as well as for the performance of duties relating to job relocation.

12) Emoluments paid to young employees hired for on-the-job training, and the social security premiums of these employees.

13) Monetary equivalents paid to full-time vocational school students during their on-the-job training at school workshops or at workplaces as based on agreements concluded between the school and the workplace.

14) Supplementary pay and bonuses for employees serving as mentors of the apprentices referred to in Point 13).

15) Shares bought in joint-stock companies.

16) Acquisition of stocks or bonds.

37. 2. The expenditures referred to in Paragraph 1, Points 12) and 13) are paid by the Fund at the minimum levels specified by separate regulations.

37. 3. The minister of labor and social policy may, upon consulting the Supreme Employment Council and in cooperation with the minister of finance, specify purposes other than those mentioned in Paragraph 1 on which the Fund's monies may be spent.

37. 4. The emoluments paid from the Fund are not subject to the wage tax and the tax on ceiling-exceeding wages.

Article 38. The income of the Fund is exempt from the income tax.

Article 39. In matters not regulated by this Chapter, the provisions of the Budget Law concerning the management of targeted funds apply correspondingly.

Chapter 8. Provisional and Final Regulations

Article 40. The minister of labor and social welfare shall appoint in 1990, for a period of two years, the Supreme Employment Council as consisting of 18 persons representing in equal proportions national trade union federations, national trade unions representative the employees of most of the workplaces, employer organizations, and agencies of state administration.

Article 41. The monies allocated for 1990 for the State Vocational Activation Fund are, along with the income accrued on the day the latter fund was disbanded, transferred to the Labor Fund.

Article 42. Until the voivodship and rayon labor offices are established, but not later than within six months from the day this Decree takes effect, the duties ensuing from this Decree shall be implemented by the current local agencies of state administrations competent on matters of employment.

Article 43. 1. The minister of labor and social policy shall present to the Council of Ministers an accounting of the resources of the State Vocational Activation Fund for the period until the effective date of this Decree.

42. 2. The obligations of the State Vocational Activation Fund predating the effective date of this Decree will be met from the monies of the Labor Fund.

42. 3. Female graduates of higher schools which on the effective date of this Decree are receiving allowances from the State Vocational Activation Fund on the principles defined in the regulations governing child-rearing leaves, shall continue to receive these allowances from the Labor Fund.

Article 44. The provisions of this Decree do not apply to jobseekers in the fields covered by the Decree on Employment on Seagoing Merchant Vessels.

Article 45. 1. The following are null and void:

1) Decree of 2 August 1945 on Employment Offices (DZ.U., No. 30, Item 182; No. 24, Item 161, 1948; No. 13, Item 124, 1950; and No. 13, Item 95, 1956).

2) Decree of 26 October 1982 on Proceedings Against Persons Who Avoid Work (DZ.U., No. 35, Item 229).

3) Decree of 14 December 1982 on the Employment of School Graduates (DZ. U., No. 40, Item 270).

4) Decree of 29 December 1983 on the State Vocational Activation Fund (DZ.U., No. 75, Item 334; No. 37, Item 174, 1985; and No. 35, Item 192, 1989).

45. 2. Uncompleted administrative proceedings in cases referred to in the decree mentioned in Paragraph 1, Point 2), are herewith quashed, and the final rulings issued in these cases expire on the effective date of this Decree.

Article 46. This Decree takes effect on the day of its publication.

HUNGARY

U.S.-Hungarian Scientific Cooperation Effort Launched

*25000609H Budapest NEPSZAVA in Hungarian
12 Jan 90 p 1*

[Unattributed article: "Hungarian-American Scientific Cooperation"]

[Text] On Thursday [11 January] a four-day scientific conference of Hungarian scientists and Hungarian scientists residing in the United States came to a conclusion: The meeting was held in Budapest. Minister of Culture

Ferenc Glatz was present at both the opening and the closing sessions of the conference which dealt with new opportunities for cooperation, methods by which relationships with scientific organizations could be developed, and Hungarian higher education.

Conference participants approved a resolution in which they recommended the establishment of a Universal Hungarian Scientific and Educational Cooperative Committee. They established a preparatory committee to accomplish this. Academician Erno Pungor is the committee chairman, retired New York City college professor Bela Kiraly is the cochairman, and Professor Geza Gordos is the secretary.

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